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|---|---|---|
| Austria Sch. 18 | Indonesia Rp 2500 | Portugal Esc 80 |
| Bahrain Din 0.550 | Italy L 1300 | S. Arabia Rs 6.00 |
| Belgium Bfr 38 | Japan Y500 | Singapore S$ 4.10 |
| Canada C$2.00 | Jordan Fils 500 | Spain Pta 100 |
| Cyprus Mils 600 | Kuwait Fils 500 | Sri Lanka Rup 30 |
| Denmark Dkr 7.25 | Lebanon L 8.00 | Sweden Skr 6.50 |
| Egypt E£1.00 | Luxembourg Lfr 38 | Switzerland SFr 2.00 |
| Finland Fmk 5.50 | Malaysia Rm 4.25 | Taiwan NT $65 |
| France Fr 8.00 | Mexico Pes 300 | Tunisia Din 0.600 |
| Germany DM 2.20 | Morocco Dh 6.00 | Turkey L 180 |
| Greece Dr 60 | Netherlands Fl 2.50 | U.A.E. Dh 6.50 |
| Hong Kong HK$ 12 | Norway Nkr 6.00 | U.S.A. $1.50 |
| India Rup 15 | Philippines Pes 20 | |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,410 Friday August 31 1984 D 8523 B


**The Saudi payment delays that hurt contractors, Page 11**

## NEWS SUMMARY

### GENERAL

## French discuss N. Africa treaty

**French president François Mitterrand paid a surprise visit to Morocco for private talks with King Hassan as Morocco and Libya were set to approve a state of union treaty.**

Although France has not expressed opposition to the union, observers believe it might have important implications for France, which is helping to resist Libyan-backed rebels in Chad.

Under the treaty, signed this month, aggression against one of the countries constitutes an attack on the other. Page 12.

### Cameroon air crash

A Cameroon Airlines Boeing 737 caught fire after an explosion on the runway at Douala airport. The state radio contradicted early reports that 100 people had died.

### Zaccaro court ruling

John Zaccaro, husband of Democratic vice-presidential nominee Geraldine Ferraro, was removed by a U.S. court as conservator of an 84-year old woman's estate because he borrowed $175,000 from it.

### Honecker to decide

East German leader Erich Honecker will decide shortly on whether to go ahead with his planned visit to West Germany late next month. Page 2

### Lufthansa detour

The West German airline Lufthansa made its first scheduled flight to East Germany but had to fly via Czechoslovakia for political reasons.

### Discovery lifts off

The U.S. space shuttle Discovery blasted off on its maiden voyage after a seven-minute delay when a private aircraft strayed into the restricted zone over the Cape Canaveral launch pad.

### Gadaffi's terms

Libyan leader Colonel Gadaffi wants to exchange British detainees for Libyan prisoners in Britain, according to four British MPs in Tripoli. Page 3

### Iranians flee

Two Iranians flew a U.S.-built F-4 Phantom to an Iraqi base and requested asylum. Iran said the incident was part of an Iraqi plot.

### Test flight inquiry

U.S. Air Force says it will take two months to determine the cause of the crash of a B-1 bomber on a test flight in California.

### Cyprus talks agreed

President Kyprianou of Cyprus accepted a UN proposal for indirect negotiations with the Turkish Cypriots to seek a settlement for the divided islands. Page 2

### Nigerian corruption

The wife of the jailed Governor of Imo state, Nigeria, Victoria Mbakwe, was sentenced to 21 years in prison for corruption

### Petrol lead accord

West Germany, Switzerland and Austria said they agreed to ensure the widespread availability of lead-free petrol in their countries by 1986.

### Memorabilia mania

A sale of Beatle memorabilia at Sotheby's, London, totalled £207,497 ($271,182) with 7.5 per cent unsold. A U.S. businessman paid £16,500 for a guitar used by the late John Lennon.

### BUSINESS

## Interim deficit mounts at VW

VOLKSWAGEN, West German motor group, showed a group loss of DM 162m ($56.44m) in the first half of this year against a DM 147m loss in the same period last year. The group lost sales revenue of DM 2.8bn through the recent metalworkers' strike in West Germany. Page 16

DOLLAR was firmer in London at DM 2.8845 (DM 2.8775), SwFr 2.404 (SwFr 2.39), FFr 8.8535 (FFr 8.83) and Y241.2 (Y240.6). On Bank of England figures, its trade-weighted index rose to 136.5 from 136.2. In New York it finished at DM 2.8855, FFr 8.8575, SwFr 2.4015 and Y241.25. Page 29

STERLING was tower in London at $1.311, a fall of 45 points. It also weakened to FFr 11.605 (FFr 11.625) and Y318.25 (Y315.5). It was unchanged at SwFr 3.1475 and improved to DM 3.785 (DM 3.7825). Its trade-weighted index was unchanged at 78.2. It closed in New York at $1.3095. Page 29

GOLD fell $1.50 on the London bullion market to close at $348.50. It was also lower in Frankfurt and Zurich at $347.50. In New York the Comex September settlement was $348.50. Page 28

WALL STREET: The Dow Jones industrial average closed 3.64 down at 1,223.28. Section II

LONDON markets were thrown into late confusion by conflicting signals from striking dockers, but brighter after-hours trading pushed the FT Industrial Ordinary share index up 2.7 to close at 852.5. Section II

TOKYO: The Nikkei Dow market average edged 6.38 up to 10,588.27 making an eight-day rise of over 100 points. Section II

ALUMINIUM cash prices fell on the London Metal Exchange to close at £845, the lowest level since March last year, in spite of news of further production cuts in the U.S. Page 28

BRITAIN'S visible trade balance deteriorated by £3.1bn ($4.1bo) compared with 1982, according to the latest official estimates.

U.S. MONEY SUPPLY: M1 rose $1.7bn to $547.9bn in the week to August 20.

TAMCO ENTERPRISES, a U.S. investor group, offered about $1.1bn in cash for the insurance and motels interests of City Investing, the diversified New York-based group. Last week City Investing agreed to sell its air-condition subsidiary and two large printing units, ending speculation that it would agree to one of two rival offers – worth about $2.4bn – for the entire group.

AVON PRODUCTS, the U.S. cosmetics group, agreed to sell its exclusive Tiffany jewellery unit to Tiffany managers for $135.5m. The company, bought by Avon in 1979, will return to private status. Page 12

ELECTROLUX of Sweden lifted net profits by 57 per cent to SKr 1.23bn ($148.2m) after an extensive restructuring. Page 16

BAe DYNAMICS: The value of the contract it won for a satellite transfer vehicle is $1m and not $1bn as stated in yesterday's paper. Page 16

NATIONAL BANK of Canada boosted third-quarter profits to C$31.9m ($24.5m) compared with C$20.9m in the same period last year.

**Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.**

# ITT sells baking unit for $475m to Ralston Purina

BY DAVID BLACKWELL AND PAUL TAYLOR IN NEW YORK

ITT, the diversified U.S. group, is to sell its ITT Continental Baking for $475m in cash to Ralston Purina, the world's largest producer of dry dog and cat foods and commercial livestock feeds. Ralston is also a leading U.S. soyabean processor.

ITT Continental Baking reported sales of $1.5bn last year, giving earnings of some $41m. It bas 51 bakeries, producing a variety of breads – including Home Pride – and cakes, including the Hostess line.

The transaction is subject to a formal agreement, the approval of the ITT and Ralston Purina boards, and government review in accordance with the Hart-Scott-Rodino anti-trust acts.

Mr Rand V. Araskog, chairman and chief executive of ITT, said: "We view this as a constructive move for ITT. We have been engaged in an extensive programme of asset redeployment and debt reduction for more than five years and this programme continues."

Mr William Stiritz, chairman and chief executive of Ralston Purina, said his company viewed its acquisition as "a solid organisation." He added, "We believe Continental's strong position in the bakers industry, combined with our experience in the grocery products business, offers significant opportunities for growth."

ITT said it first discussed the sale with Ralston Purina more than a year ago, and negotiations were recently reopened. About three weeks ago the Federal Trade Commission handed down a unanimous ruling that cleared ITT and Continental Baking of charges of monopolistic practices in the sale of bread.

Ralston Purina has stated its intention to maintain Continental Baking's existing structure and managemant team. Over the past few years the company's bakeries bave been modernised, and new state-of-the-art bakeries have been huilt.

That has allowed Continental Baking to maintain its traditional strength in the white bread and cake markets and to expand rapidly into the growing markets for variety breads and cakes.

The company has 23,000 employees, and sells to 250,000 retail outlets daily.

The baking company is at present part of ITT Natural Resources and Food Products Corporation, one of the four management companies directing ITT operations. After the divestiture, the management company will be renamed ITT Natural Resources Corporation.

A big divestiture by ITT bad been expected and was foreshadowed in previous comments from Mr Araskog, particularly after the conglomerate's disappointing second-quarter results, which mainly reflected continuing problems at its Hartford insurance unit.

ITT's second-quarter earnings plunged by almost 50 per cent to $78.3m and in July the group slashed its quarterly dividend from 67 cents a share to 25 cents a share, sending its stock prices into a downward spiral.

Continental Baking was acquired in 1968 for $279m in stock as part of a massive acquisitinn programme undertaken by Mr Harold Geneen, ITT's former, controversial chairman.

Since then, the company has actively promoted Cootinental, in part because, as Mr Araskog has suggested in the past, it gave ITT a consumer presence, which it otherwise might have lacked.

However, the sale of Continental is likely to be viewed positively on Wall Street, where analysts bave long argued that ITT should accelerate its already buge divestiture programme in order to reduce deht.

ITT said yesterday that it expected to post at least a $100m after-tax gain on the sale.

# U.S. threat to accord on subsidised credits

BY CHRISTIAN TYLER, TRADE EDITOR, IN LONDON

THE U.S. Administration is coming under strong domestic pressure to pull out of the gentlemen's agreement between rich nations not to undercut each other in helping their exporters to win business with subsidised credit in the developing world.

According to a senior official of the U.S. Export-Import Bank, U.S. exporters and some Administration officials are fast losing patience with alleged violations of the so-called Consensus by other member countries of the Organisation for Economic Co-operation and Development (OECD).

They want to retaliate by asking Congress to approve a fund of up to $8bn that would be used to make soft loans on extended terms in order to defend U.S. exporters against predatory financing by competitors.

According to Mr John Bohn, vice-chairman of Eximbank, the OECD meeting of the Consensus parties on September 17 is seen as a make-or-break session that will determine whether the U.S. considers pulling out.

The argument is being fought out in a working party comprising officials from the U.S. Treasury, State Department, Department of Commerce and the Eximbank. Its final meeting is next Thursday and its report is due on September 15.

Mr Bohn said that unless the OECD could demonstrate that it was ready to eoforce the rules and to put a stop to the proliferation of mixed-credit deals, the U.S. was "ready to go it alone." Mixed credits, pioneered by the French and Japanese, are financial arrangements combining aid with loans that considerably reduce the overall loan cost to the buyer.

If the threat were carried out, the Consensus would almost certainly collapse and an expensive export subsidy war might break out in which the U.S. and Japan would probably emerge victors.

Officials in London and Paris said yesterday that they bad bad no advance warning that the U.S. might be contemplating a showdown at the September 17 meeting of the OECD. The U.S. bad been expected to send a low-level delegation to the meeting as a form of protest. An OECD official, however, agreed the threat was "realistic," given the recent behaviour of the Reagan Administration in trade matters.

The view in London was that the U.S. bad set a much longer timetable for achieving its desired reforms of the Consensus, and that threats of a showdown should be discounted.

In Washington, bowever, a veteran observer of U.S. export credit policy said the threat should be taken seriously. The atmospbere was similar to that 10 years ago when the U.S. last challenged its trade competitors, he said.

The pressure in Washington is due to a combination of a large trade deficit, wbat Mr Bohn called the "dismal export performanre" of the U.S., the fact that U.S. exporters are not automatically entitled to export loan subsidies, and the dwindling amount of project business overseas.

**Barry Riley examines a Danish biotechnology setback**

# How Novo swiftly lost its allure

NOVO INDUSTRI bas cultivated the securities markets of Europe and America so skilfully during the past six years that the clumsy handling of puhlication of the Danish biotechnology group's half-year results last week seemed right out of character.

Disclosure of unexpectedly poor pre-tax profits, which rose only to DKr 441m ($42.2m) from DKr 439m in the first balf of 1983, sent the share price tumbling. In New York, for example, the price of Novo's American depositary receipts (ADRs) dropped $9¾ last Thursday to $37⅝, only about half the higb point of nearly a year earlier.

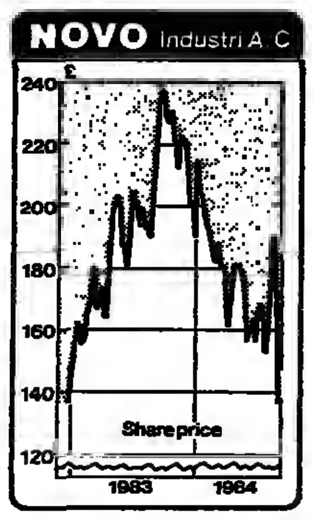
At current prices, much of the biotechnology glamour has been stripped from the rating of this Danish manufacturer of insulin and enzymes. Yet it remains a highly successful company, with sales climbing 12 per cent in the first six months, and a promise that the profits performance will improve in the remainder of the year.

From its base on the outskirts of Copenhagen, Novo has impressively attacked the world market in its narrow, specialised range of products. Sales expansion has been rapid, but profits growth has been more remarkable still, with the pre-tax return on sales climbing from 9.5 per cent in 1979 to some 28 per cent in 1983.

Insulin now represents about two fifths of the company's overall turnover, and it has built up its world market share to over 35 per cent. Enzymes account for balf the sales total, and Novo claims just over half the world enzyme market.

In recent years the company bas derived strong growth from the

**Continued on Page 12**




# Takeover of Creusot Loire will lead to big cuts

By David Housego in Paris

CREUSOT-LOIRE, France's largest heavy engineering concern, which filed for hankruptcy twn months ago, is to be taken over by an industrial and hanking consortium. Its size will be slimmed down drastically, however, and there will be heavy cuts in the workforce.

An agreement between the Government, hanks and shareholders was finally reached yesterday, althougb the details hove still to be announced officially. The consortium led by Fives-Lille, the holding group for the heavy equipment manufacturer, Fives-Cail Babcock, and Framatome, the nuclear engineering company, will outline their plans to the Paris commercial court on Monday.

Under the agreement, the newly reconstituted Creusot-Loire will have a workforce of about 5,000 and a turnover of FFr 3bn ($339m) compared with the 12,000 the parent company employed io 1983 on the basis of a turnover of FFr 6.2bn. Including its subsidiaries, the former Creusot-Loire group employed 23,000 people, but most of the subsidiaries are now to be spun off if takers can be found.

The company's activities will now centre on its energy, armaments and metal fabrication divisions concentrated at Le Creusot, in Burgundy, central France. The workforce at Le Creusot, a town that bas always depended on the company, is to be reduced by 2,500, however.

The Communist-led CGT union bas made clear its opposition to the cuts, but with the current dispute at Citroën, the private car manufacturer, the conflict at Creusot-Loire will be the first prominent test of how vigorously the Communists intend to figbt the Government over its industrial policy.

The surgery to Creusot-Loire appears far more drastic than that intended by M Didier Pineau-Valencienne, the former chairman of the company and still chairman of the Schnelder engineering group, who was bitterly attacked by M Laurent Fabius, the French Premier, in his former role as Minister of Industry.

It is also likely to prove more costly to the Government and banks in terms of redundancy payments and debt write-offs after Creusot-Loire's filing for bankruptcy. The new industrial plan reflects, bowever, the priority the Government is now giving to restructuring over employment considerations.

Under yesterday's agreement, Fives-Lille and Framatome will each bave 25 per cent of the shares

**Continued on Page 12**

# Fate of strike hinges on London docks

BY OUR LABOUR STAFF IN LONDON

THE CHANCE of the UK's week-old national dock strike crumbling depends today on how many dockers at Tilbury, London – Britain's biggest port – will defy picket lines and return to work. A mass meeting of about 2,000 of the dockers ended yesterday in confusion.

Officials of the Transport and General Workers' Union (TGWU), which called the strike, claimed that the men had voted by two to one to support it. The Port of London Authority and Mr Medlock Bibby, leader of the dockers who want to work, hotly contested that.

Both sides agreed that there would be heavy picketing today. The authority claimed last night that "a number of men" had already reported for duty. Mr John Black, the authority's chief executive, said there was "a massive majority" wanting to work.

The TGWU was dealt a blow yesterday when dockers at Grimsby and Immingbam, Humberside, voted overwhelmingly to return to work. The port, Britain's third biggest in terms of tonnage, was the trigger for the 11-day national dock strike in July.

Men at the leading container ports of Dover and Felixstowe, whicb are not part of the national docks labour scheme, will meet today and are expected to decide to stay at work.

Last night, ports that normally handle 37 per cent of Britain's non-fuel trade were strikebound – a fall from 40 per cent on Wednesday. A substantial return to work at Tilbury would reduce that further.

Ports on strike include all 12 Scottish ports in the national scheme of registered dockers, with Liverpool, Hull, Cardiff and Bristol. Passenger ferries bave not been affected.

Senior Government Ministers met at 10 Downing Street yesterday to discuss contingency plans for dealing with any serious dislocation caused by the docks dispute. Mr Tom King, the Employment Secretary, said: "It is the Government's responsibility to keep these matters under review." Mrs Margaret Thatcher, the Prime Minister, on Wednesday cancelled a planned trip to the Far East next month because of the two big industrial disputes, in the docks and the coalfields.

Ministers empbasised last night that the dockers' votes yesterday were further evidence that many of the men did not want to become involved in action primarily intended to support the striking miners. The dispute began when British Steel used its own labour to unload a coal ship which dockers had refused to handle.

Opposition Labour leaders said they intended to make a formal request for the recall of Parliament. They claimed that the Prime Minister's cancellation of her Far East trip was an acknowledgement of the seriousness of the industrial situation.

Mr Roy Hattersley, the Labour deputy leader, argued that Mrs Thatcher's decision to remain in the UK throughout September showed that no early end of the industrial crisis was in sight. He suggested that she was positively planning for "a long, bard winter."

The TGWU has denied that the dispute is a political strike, and has said it is about British Steel's use of alleged strike-breaking labour. However, Mr John Connolly, the union's national docks secretary, conceded that the dispute had arisen from the Scottish dockers' decision to support the miners.

The Tilbury meeting yesterday was typical of the confusion caused by the ambiguity over the strike's purposes. Mr Bibby, the moderate dockers' leader, said: "Tho men said: 'We do not want to be on strike. We want to work for our families, our homes and our children – and we do not want to support Scargill'" (the president of the National Union of Mineworkers).

According to the Port of London Authority and some moderate dockers, two votes were taken. The first vote, according to the authority, showed a large majority wantiog to work, and many men then left the meeting. There was then a second vote on whether members supported the TGWU executive policy, which was carried. "It was read by some as an indication to continue the strike," said Mr Black of the PLA.

TGWU officials denied that there bad been two votes. Mr Connolly said that the rebels had got the vote they asked for and "they should live with it."

**Unions on edge nf a slope; Editorial comment, Page 10**

**British mineworkers' leaders announced plans for a mass picket of every pit, coking plant and workshop on Monday. Mr Ian MacGregor, National Coal Board chairman, said the scheme showed the union's mounting worry about the return-to-work movement in the coalfields. Page 5**



## CONTENTS

# EUROPEAN NEWS

## Tax cut of 5% expected next year

By Paul Betts in Paris

INCOME tax is likely to be cut by 5 per cent next year in France, as part of the Government's aim to reduce the overall fiscal burden on the population by 1 per cent of gross domestic product.

The cut in the total burden of taxes and social security levies is to be evenly divided between the personal and corporate sections.

The Socialist Government had already announced earlier this summer a 10 per cent reduction in the so-called professional tax paid by French companies a nd the 1 per cent special levy to help finance the social security system which is now in surplus.

President Francois Mitterrand has repeatedly promised this year to reduce the tax burden in France despite the fact that this will mean either cutting cutting back public spending further or finding other sources of revenues to compensate.

The proposal to cut income taxes by 5 per cent appears to be a compromise in order to share the reduction across the board of tax-payers.

## French plan to aid new business

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday announced details of a financial scheme intended to help those seeking to set up in business on their own.

The measures complement those announced on Wednesday by Mme Edith Cresson, the Minister for Industrial Redeployment and Trade, aimed at accelerating the procedures for the creation of small businesses in France. But the Business Savings Certificate announced yesterday by M Pierre Beregovoy, the Minister of Economy, is intended also to benefit doctors and lawyers wishing to establish their own practices as well as artisans wanting to buy their own workshops.

The measure was foreshadowed by M Jacques Delors, the former Minister of Finance. M Beregovoy described it as being aimed at those with a "taste for enterprise and initiative."

The new savings scheme provides similar advantages for people wishing to set up a company to those of a building society for people wishing to buy a house. It gives them access to cheap long-term loans after an initial period of low-remunerated savings.

Under the scheme, potential entrepreneurs must make a minimum of two years' savings to be entitled to low cost loans. The minimum initial deposit is FFr 5,000 (£430), followed by a further FFr 3,600 each year. The maximum deposit is FFr 200,000. The deposits will earn a 4½ per cent interest rate net of tax.

The size and the length of the loan on which entrepreneurs can subsequently draw will depend on what they have saved, as in building society schemes. But the maximum interest rate for borrowers has been fixed at 8 per cent—or 7½ per cent if the interest payable on their deposits is also variable.

Before granting the new loans credit institutions will assess the feasibility of the project. They will also seek further guarantees. If a loan is refused the entrepreneur can withdraw his deposit with a bonus to make good the interest payments foregone.

## Czech economy exceeds growth forecasts

BY OUR BERLIN CORRESPONDENT

THE CZECHOSLOVAK economy picked up momentum in the first half of this year, growing by 3.2 per cent over the same period in 1983, which was slightly better than planned.

Industrial production rose 3.4 per cent compared with a target of 1.9 per cent. Electrical engineering rose 11.3 per cent compared with a planned 10.5 per cent, while mechanical engineering rose 7.1 per cent compared with a target of 6.4 per cent.

No figures were given for productivity, which was planned to rise by 2.6 per cent this year. Western analysts of the Czechoslovak economy said the small wage increase set for this year appeared to be at odds with the new policy of wage differentiation and may have acted against improved efficiency.

Overall, Czechoslovak exports rose 15.3 per cent in the first six months, while imports were up 14.6 per cent. No figures were given on hard currency exports, which were set to rise by 6.4 per cent this year. The statistical office in Prague noted only that hard currency exports of industrial products rose 8.3 per cent.

Production of goods with "high technical-economic parameters" made up 13.1 per cent of total output, a indication of the extent to which obsolescent goods are produced.

Agriculture is said to have developed favourably, with all prerequisites for a good harvest. Crop production was to have expanded by 5.2 per cent this year, while meat production was set to fall by 3.9 per cent. The plan was to reduce livestock levels to a point where imports of fodder would no longer be necessary.

The population's personal income was said to have risen 2.7 per cent in the first six months of the year. No figures were given on personal consumption, which was set to increase by 1.5 per cent this year in real terms.

## Honecker decision soon on Bonn visit

By Leslie Colitt in Berlin

EAST GERMANY'S President, Herr Erich Honecker, is expected to say shortly whether he will make his planned trip to West Germany late next month. It would be the first by an East German Communist party chief and President.

Since late July, the Soviet media have repeatedly attacked West Germany as "militarist" and "revanchist," and said Bonn aimed to "undermine the Socialist system in East Germany."

The East German leadership has also been criticised for failing to see the danger of falling under Bonn's political influence by accepting government-guaranteed loans from it. East European diplomats in East Berlin say the harsh Soviet attacks are the main reason Herr Honecker has delayed announcing his visit.

The Bonn Government said yesterday that preparations for the four-day visit were going ahead.

East Germany's main Communist newspaper, Neues Deutschland, yesterday displayed prominently an interview with Mr Leonid Kostandov, a Soviet Deputy Prime Minister, who praised economic co-operation between Moscow and East Berlin. Mr Kostandov lauded East Germany as "a reliable bastion of peace and socialism" in Europe, and said the "friendship" between the two states was based on the firm foundation of "socialist internationalism" and "fraternal co-operation."

He stressed that effective co-ordination of trade and economic policies, such as existed between Moscow and East Berlin, enabled the Warsaw Pact countries to "resist successfully" Western attempts to exert pressure on their economies.

The interview was seen in East Berlin as further evidence of a policy split within the Soviet leadership on how far to allow East Germany to improve its relationship with West Germany.

## Kyprianou agrees to UN mediation attempt on Cyprus

BY ANDRIANA IERODIACONOU IN ATHENS

PRESIDENT Spyros Kyprianou of Cyprus has accepted a UN proposal for indirect negotiations with the Turkish Cypriots to try to reach a settlement for the divided island.

He made his decision known in Athens yesterday at the end of two days of talks with the Greek Government.

His reply to Sr Javier Perez de Cuellar, the UN Secretary General, is expected to be made just inside the August 31 deadline. It must first be cleared, however, with opposition parties in Cyprus at a special meeting this morning.

Sr Perez de Cuellar has asked the Greek and Turkish Cypriots to accept, in the first instance the procedure he has devised to start the dialogue. Dubbed "proximity talks," they foresee the Secretary General acting as a go-between trying to distil a draft settlement from proposals submitted separately by each side.

The next step, if Mr Rauf Denktash, the Turkish Cypriot leader, agrees—and Turkish diplomats here expect him to do so—will be for the three men to gather for an initial round of negotiation.

This is likely to take place around September 10, according to UN and Greek Cypriot officials. New York and Nicosia have both been suggested as venues.

Perez de Cuellar: dialogue.

## Hungarian biographies 'a sensation'

BY LESLIE COLITT IN BERLIN

HUNGARY HAS broken with a communist tradition of rewriting history to conform wholly with ideology in an unusual series of biographies of the country's post-war communist and non-communist politicians, called 'Politicians' Careers.'

One Hungarian reviewer called the book a political "sensation" because it deals with "men of principle, opportunists and intransigents" as well as "criminally power-hungry men and their victims."

One of the 21 biographical sketches in the best-selling book is on Cardinal Joszef Mindszenty, the late Hungarian primate who spent 15 years in asylum in the U.S. embassy in Budapest until 1971. It describes him as a man of steely conviction rather than of flexibility which the "period required."

Another profile deals with Matyas Rakosi, the hated Stalinist leader of Hungary until shortly before the Hungarian uprising in 1956. He was expelled from the party in 1962 and died in disgrace in the Soviet Union.

Several post-war non-communist politicians are treated with considerable sympathy in the book. Hounded out of the country as alleged "imperialist agents," were such men as Ferenc Nagy, a former Prime Minister, Antal Ban, a leading Social Democrat, and Imre Kovacs of the Small landowners Party.

A biography ago appears of the former communist Foreign Minister of Hungary, Laszlo Rajk, who was executed after a show trial in 1949 and posthumously rehabilitated in 1962.

However, one man, Imre Nagy whose name is known to virtually every adult Hungarian, does not appear in the book. He was chosen as Prime Minister during the ill-feted Hungarian uprising in October 1956 and was handed over to the Soviets and executed.

The biographical sketch of the arch-Stalinist, Matyas Rakosi, says that an analysis of his life amounts to a "self-examination" for communists. It adds, however, that the 'personality cult' was not a specifically Hungarian phenomenon but rather the "political deformation of a stage in the international communist movement."

## Divers work on N-cargo wreck

ROTTERDAM – Divers worked to plug a fuel oil leak on the sunken French freighter Mont Louis yesterday as experts prepared to determine if any radioactivity had escaped from its cargo of uranium hexafluoride.

The Dutch salvage company Smit International said that when the divers stopped the leak, they would begin boring holes in the hull of the freighter. The ship sank with its radioactive cargo off the Belgian coast last Saturday after being in collision with a ferry.

The holes would let air out of the wreck and settle it firmly on the sea-bottom so that further salvage work on the cargo could take place. After the ship's hold was flooded three experts would test for radioactivity, a spokesman for Smit said.

Reuter

## Norwegian study calls for sweeping tax changes

BY FAY GJESTER IN OSLO

FAR-REACHING changes in Norway's income-tax system are recommended in a Royal Commission report.

Measures intended to stimulate stock market investment, introduced by the present Conservative-led coalition, would be abolished as part of a drastic cut in the deductions and exemptions taxpayers can claim.

Teh importance of deductions would diminish, however, because the Commission also proposes a significant easing of progressive income-tax scales. Social security contributions—payable on gross income, as at present—would be increased somewhat to a flat rate of 15 per cent for wage-earners, and 20 per cent for the self-employed.

The Commission says most of its recommendations could take effect from January 1, 1987.

Mr Leif Aune, tho chairman, said the aim was to create a simpler and fairer system. It would ensure that "people in about the same economic position pay about the same tax—something which unfortunately does not happen now." Purely tax-motivated investments would be discouraged.

He stressed that the proposals must be seen as a package, a view was echoed by the opposition Labour Party. However, Mr Kare Willoch, the Prime Minister, said some of the changes would increase tax liability. He welcomed the proposal to lower progressive scales and to bring "zero-payors" into the tax net. He particularly opposed the abolition of tax concessions to savers and stock market investors.



## Vienna urged to let the train take the strain

BY PARTRICK BLUM IN VIENNA

AUSTRIA'S STATE railways are pressing the Government to put into effect its plan to divert on to trains road traffic in transit across the country.

The plan is intended to help the railways out of the red. The Oesterreichische Bundesbahnen (OBB) had a near Sch 31bn (£1.2bn) deficit last year, with operating losses of Sch 5.9bn (£226m) after government subsidies of Sch 25bn (£961m).

Herr Ernst Gollner, the director-general, says that the company cannot wait any longer for the Government to put its plan into action. His call comes as the transport ministers of Austria, Italy, West Germany and Yugoslavia are prepared to meet to discuss the proposal. The Austrian aim is to switch half the traffic on to the railways by 1989.

The Government unveiled the Sch 22bn plan in July. It is designed to divert foreign lorries crossing the country on to a pick-a-back rail system. Because of its geographical position between West Germany and Italy and south-east Europe, Austria has some of Europe's heaviest in-transit traffic. This has provoked regular complaints about congestion and damage to the environment.

The proposal would involve enlarging railway tunnels and bridges, building new terminals and marshalling yards, and providing 500 specially designed low-loading freight wagons. Incentives for lorry companies would be savings on fuel, less bureaucratic border procedures, and possibly waiving of road taxes.

The cost, however, is considerable, and the Government, which is already struggling to reduce the budget deficit below last year's Sch65.5bn has failed to say how the project would be financed.

In the meantime, the OBB is going ahead with a scheme of its own: a pick-a-back service between Graz in southern Austria and Passau and Regensburg in West Germany.

Much of the OBB's losses are the result of what it describes as "social expenditure"—payments for pensions and subsidised fares. It wants the Government to take direct responsibility for these commitments.

**David Barchard** on the rise of Islam in increasingly secular daily life

## Turkey's quiet religious revival

IN A fashionable bookshop in the heart of Ankara two smartly dressed Turkish women browse through a range of magazines. Ignoring Vance Packard, the Bermuda Triangle, and sets of international best-sellers, in Turkish paperback, they concentrate on illustrated Islamic magazines for children, all of them showing little girls wearing head-veils.

Sixty years after Kemal Ataturk, the founder of the Turkish Republic, tried to prise religion and politics apart, the role of Islam in Turkey remains unresolved. The days are over in which the emergence of secular intellectuals gave plausibility to the idea that Turkey was evolving steadily towards a Western European model with religion largely relegated to the sidelines. Yet few Turks feel in danger from a religious revival.

The Motherland Party government of Mr Turgut Ozal, probably the most strongly Islamic government the Republic has seen so far, has aroused only limited controversy by restricting the sale of beer, forcing girls at public rallies to wear more conservative clothing, and allowing Islamic banks to be set up.

When Mr Metin Toker, one of Turkey's best-known commentators, warned recently that "the Turkish Republic is "structure built upon secularism" and issued a pointed warning to the Government, few people took him seriously.

Paradoxically both an increasing secularism of daily life and a limited religious revival seem to be occurring simultaneously. Most Turks are more impressed by the former. In the big cities, life for the lower classes is moving steadily away from the near Eastern rural pattern of a generation ago.

Beer, Michael Jackson's music, videos, and relaxed cultural and sexual mores make the life of the urban young lower class increasingly like that of their counterparts from Madrid to Rome.

Few take much notice of the presence of Islamic militants on the street, bearded men and women in standardized long overcoats and plain silk scarves. Religious bookshops until recently have catered for only a limited minority.

Yet Turkish society has never been quite as straightforwardly secular as its spokesmen have maintained. Islamic sentiment and national identity are closely intertwined. All members of minority religions admit in private to feeling uneasy.

> The days are over in which the emergence of secularist intellectuals gave plausibility to the idea that Turkey was evolving steadily towards a Western European model with religion relegated largely to the sidelines.

Mass circulation daily newspapers revel in stories of conversions to Europeans to Islam. Conversion the other way is regarded as taboo.

It was a newspaper campaign which led to the trial and arrest this month of 31 Jehovah's Witnesses, converts from Islam, who believed in spreading their faith. Turkish Left-wingers may admit in private to having no religion. None would ever put "atheist" on his own or his children's identity documents. In this way, Turkey is very different from Western societies and likely to remain so.

Since the 1980 coup, Turkey's military have encouraged state-supervised Islamic education. Religious education, previously voluntary, is now compulsory under the constitution. The aim is to find a mild traditionalist antidote to the Marxism which was spreading along with the pop culture before 1980 among the young working class.

Of the 28 left-wing terrorists hanged by the military after 1980, all but one refused to pray with an Imam before they died, a gesture which would have seemed unbelievable a generation earlier.

The ban on Marxists has to some extent left the way open for sectarians on the religious Right. The Army is less than happy about this development. Most Islamic activists in Turkey belong to underground brotherhoods operating outside the control of the state. These groups offer the key to the country's right-of-centre politics.

In 1980, the military acted to crush such groups as the Suleymancis, a hard-line Islamic brotherhood with its headquarters at Serik near Antalya. Four years later, this group has been able to reopen its Islamic centres.

Another group, the Nurcus, has successfully fought a campaign to have girl students allowed to wear head-dresses. No numbers are known, but the indications are that such bodies are growing.

National newspapers, especially on the Right, now give far more space to religious topics and run religious supplements in Ramadan, the month of fasting.

By contrast, the secularist intelligentsia is virtually silent. Mr Toker apart, few people are expressing any concern. One reason could be that the Left feels that any upturn in Islamic activity in Turkish society will, in the last resort, always be curbed by the Army, as such movements have been since 1909 when a right-wing Islamic revolt was scotched by an alliance of officers and intellectuals.

A second consideration could be that the Islamic colouration of society helps distance Turkey further from the West and so tacitly pleases the country's intellectuals who, whatever their personal life-styles, are mostly strongly anti-Western in sentiment.

Some even regard the appearance of Islamic militant women on the streets as a kind of emancipation. "These women can go out today, if they dress like this; they would have had to stay at home 10 years ago," says one journalist.

An equally important factor may be the deliberate revival of the Islamic clergy. All small towns now have their "Imam and Hatip" schools training Islamic student. Islamic education, suppressed totally in Ataturk's day, has increased five-fold in the past eight years and nearly one in ten of all Turkish secondary students is in full-time Islamic education.

Government officials stress the tolerance and moderacy of Turkish Islam. "Not even the most religious people in this country would want to introduce the Sheri'a (Islamic holy law)" says a senior official in the Prime Minister's office. "Turkey is the most genuinely and deeply religious of Islamic countries because no one is forced to be religious here."

Yet the country's evolution into a recognisably European society now appears to depend on the outcome of an undeclared battle between, on the one hand, the beer cellars, video parlours and discos and on the other, the Koran schools with the intellectual defenders of secularism staying firmly on the sidelines.

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# Gadaffi 'wants deal' to exchange British and Libyan prisoners

BY RICHARD JOHNS IN TRIPOLI

COL MUAMMER GADAFFI would like a "deal" whereby the six Britons detained in Libya following the embassy seige in London at which a British policewoman was killed, would be exchanged for Libyans awaiting trial in London, according to Mr Ron Brown, MP for Leith, Edinburgh.

Col Gadaffi expressed regret about the killing at St James's Square in April of WPC Yvonne Fletcher, but denied responsibility, says that the murder had been the work of Libyan counter-revolutionaries, according to Mr Brown. He said also that the Libyan leader had sent his condolences to Miss Fletcher's family.

Mr Brown was speaking, following an overnight meeting with the Libyan leader and Dr Ali Abdesalam Treik, secretary general of the People's General Committee for external affairs (foreign minister). "It was evident that the Colonel wishes to come to an understanding, some agreement on the issue of the detainees," Mr Brown said.

The left-wing Labour MP described the meeting as "very friendly," and expressed a belief that Col Gadaffi was "very interested" in relations between the UK ad Libya.

For his part Mr Brown told Dr Treiki that there was no question of Mrs Thatcher's Government releasing the Libyans awaiting trial—originally six in number but five since the murder in London two weeks ago of Mr Ali al Giahour, a Libyan national.

On Tuesday, Dr Treiki told Mr Brown and his three Labour Party parliamentary colleagues that the British detainees apparently held as hostages to secure release of the Libyans held in Britain in connection with bombings against Arab targets in March—have now been charged. But no details of their alleged offences have yet been publicised here.

The four Labour MPs are guests of the Government at the International Conference for Solidarity with the Libyan Arab Peoples, which is being held here. They were summoned to Col Gadaffi's presence late on Tuesday night.

The Foreign Office yesterday made it clear there would be no exchange deal involving Libyans held on serious charges in Britain for Britons detained by Col Gaddafi.

A spokesman said the British consul in Tripoli, Mr George Anderson, was pressing continually for clarification of the position of the detainees. Six men are being held in a house in the Libyan capital and another two are in prison.

# Libya eases taxes on foreign oil groups

BY RICHARD JOHNS IN TRIPOLI

LIBYA IS understood to have boosted its oil output by significantly easing the tax burden—to the extent of $2.50 per barrel—on foreign oil companies with an equity interest in oil-producing operations here.

After Libya's oil output had slumped to only 850,000 barrels a day for three weeks of July fiscal terms were adjusted so that the tax paid cost of oil lifted by them was reduced by $2 per barrel from the beginning of August.

In response to complaints by the companies that the concession was insufficient, further changes were made cutting the actual price to be paid by them by 60 cents from August 15 and an aditional 20 cents from the beginning of September.

As a result, Libyan oil production has picked up and is now running at more than 1m barrels a day, which is still below its full quota of 1.15m b/d agreed under the Organisation of Petroleum Exporting Countries' prices and production pact.

Libyan officials were yesterday unavailable for comment. But the Government would argue that the adjustment to the tax structure based on posted, or official selling, prices is not a discount and therefore complies with the Opec programme.

Nevertheless, purists within Opec would certainly regard a cut in tax paid cost of $2.80 per barrel as amounting to a discount and therefore a breach of the pact.

By contrast, Libya is understood to be sticking to official selling prices for oil being shipped as part of barter deals settling payment arrears to contractors and suppliers—but with the exception of crude sold to settle the country's military debt to the Soviet Union.

Barter oil is currently estimated to account for 300,000 to 400,000 b/d of Libyan output, including 100,000 to 150,000 b/d being marketed, mainly by Neste Oy of Finland, on behalf of the Soviet Union.

Under the most recent barter deal, Agip of Italy is buying 40,000 b/d over eight months period, and to sell it to repay Italian suppliers and contractors, thus settling Libyan debts to Italy of over $300m.

# Israeli leaders condemn rabbi's 'provocative' acts

JERUSALEM—Israeli leaders and newspapers have almost unanimously condemned Rabbi Meir Kahane after the anti-Arab parliamentarian's attempt to force his way into an Israeli Arab town led to riots on Wednesday.

Prime Minister Yitzhak Shamir said: "The Kahane phenomenon is negative, dangerous and harmful. Ways must be found to limit the damage he could cause. He should also not be given such excessive publicity."

Mr Shamir, speaking to a parliamentary committee last night, also accused the Supreme Court of paying insufficient heed to state security by overturning a ban on Mr Kahane's Kach Party and allowing him to run in last month's election.

The ultra-nationalist Tehiya (renaissance) party said Mr Kahane's effort to enter Umm el-Fahm in his drive to have Arabs expelled from Israel was a needless provocation.

The New York-born rabbi was to leave last night for a two-week trip to the U.S., where he hopes to raise money from wealthy Jews to pay Israeli arabs to quit the country.

Mr Kahane said yesterday he hoped to persuade U.S. officials to grant American visas to Arabs willing to accept money to leave Israel. But a State Department official said: "We disapprove of Mr Kahane's views."

## Company Notices



# The battle to replace a Lebanese crusader

BY NORA BOUSTANY IN BEIRUT

SHEIKH Pierre Gemayel, 78, one of Lebanon's traditional politicians, the father of the Lebanese President and the most prominent Christian leader, was buried in his hometown of Bickfaya yesterday. Thousands of mourners filed past his coffin, laid in an arcaded cellar of his old stone mountain house, where he had previously received well wishers upon the election of his youngest son, the late president-elect Bachir Gemayel.

There he had also received condolences after Bachir was killed in a massive bomb explosion at the Falange party headquarters. He was replaced as President by his older and more moderate brother Amin.

Church bells rang slowly in a message of mourning echoing through the pine-covered valleys around Bickfaya. "The Gemayels, each one of them, has been a man of destiny," said a Bickfaya resident watching from her summer house. As throngs of politicians, clergymen, diplomats and ordinary citizens came to pay their last respects to Sheikh Pierre, who had devoted his life to preserve a Lebanon that would be safe for Christians.

The absence of the erect, assiduous and deeply religious Sheikh Pierre, who led his party for 48 years, will unleash a power struggle within the party, with hardliners trying to gain the upper hand from supporters of his son Amin. The Lebanese Forces, an alliance of Christian militias that incorporate the Falange militia, have been at odds with the President and have expressed their impatience with his bid to appease the Moslem community.

The future of the Christian right in Lebanon was worrying everyone in Bakfaya yesterday. The late Sheikh Gemayel had appointed the 40-year-old physician Dr Elie Karameh to succeed him as party leader, but under the party's by-laws, Dr Karami will be acting head until new elections are held.

The Lebanese forces are hoping to consolidate their power at the expense of pro-Amin supporters. Sheikh Pierre's restraining influence on the Hawks within the Christian camp kept the community relatively harmonious in the confrontation of a perceived Moslem threat.

While the 78-year-old leader was more malleable in his conditions for co-existence with fellow Moslems than the Lebanese forces, favouring a Christian canton with independent security and administrative systems, he dedicated his life to the preservation of the rights of the Christian community.

Other than Dr Karameh, likely candidates to follow Sheikh Pierre as party leaders are Joseph Saadeh, a member of Parliament, Joseph Abu Khalil, the editor of the party newspaper, and Joseph Al Hasbem, the director of Phalange radio.

All three share Sheikh Gemayel's compromising nature towards Lebanese Moslems and helped him shore up support for his son's policies when he veered from an essentially pro-Western policy to a working alliance with the Syrian regime of President Hafez Assad last March.

In eulogising Sheikh Pierre, former Lebanese President Camilla Chamoun, who worked closely with him in the Lebanese Front, an alliance of Christian leaders, said: "I am bidding farewell to someone who was much more than a friend. He was always a figure to reckon with in Lebanese and Middle East politics. His memory lives on as long as Lebanon will exist."

Moslem figures such as former Prime Minister Selim Hoss and Saeb Salem, who often differed with the patriarchal Sheikh Pierre during his lifetime, paid tribute to his contributions to Lebanon's fight for independence from the French in 1943 and praised him as a rallying and moderating force in moments of crisis.

**Jurek Martin** reports on the contest for the leadership of Japan's ruling party

# Nakasone ahead in golf course power broking

AUGUST is the month when Japan's ruling Liberal Democratic Party goes down to its real business, deciding how the national political pie should be carved up. It does so on golf courses, in mountain resorts and in discreet restaurants around the country, where politicians who routinely slander each other the rest of the year quietly convene to cut deals.

If the ritual is unvarying, the interest this year is acute because the main subject at hand is the party's leadership contest in November. After all the rumours and kite flights, there is now one central issue: whether or not it is possible to deny—by fair means or foul—the incumbent LDP president, Mr Yasuhiro Nakasone, the second two-year term as Prime Minister that none of his five predecessors has enjoyed.

**JAPAN AGAIN recorded substantial current account and trade surpluses in July, though in both instances below the all-time peaks achieved in June, the Ministry of Finance reported yesterday.**

**However, the long-term capital outflow continued at an unprecedented pace, reaching $7.15bn last month, up from the $6.23bn of June.**

**The current account, the broadest measurement of trade and financial flows, was in the black by $3.21bn, down from the $4.28bn of June. The trade surplus amounted to $4.12bn, below the $4.85bn of June, on exports of $14.84bn and imports of $10.71bn.**

**This mean that, for once, imports in July, up from the $9.80bn of June, rose more rapidly than exports, which expanded only slightly from $14.65bn.**

**This may reflect the gradual recovery in Japanese domestic demand, which both the Japanese Government and the Organisation for Economic Co-operation and Development expect to play an increasingly larger role, in relation to exports, in the overall expansion of the next 18 months, and possibly beyond.**

**However, this is unlikely to prevent both the current account and trade surpluses from reaching record levels again this year, in the opinion of both domestic and outside experts.**

Minister, has been prevented from running by his mentor, Mr Tanaka; another, Mr Toshio Komoto, the Economic Planning Agency chief and runner-up in 1982, could have difficulty this time in getting the 50 signatures from Diet members needed to make his candidacy official.

Mr Shintaro Abe, the Foreign Minister, finished third two years ago and may run again, but he has been quoted as saying that the real race will be in 1986. In any case, his mentor, Mr Takeo Fukuda, does not want his future chances jeopardised by taking a thrashing this time at Mr Nakasone's hands.

The same sentiment is said to be worrying Mr Miyazawa's patron, another former Prime Minister, Mr Zenko Suzuki, and this is whether the possibilities of intrigue come in. Mr Suzuki, normally a gentle soul, has turned against Mr Nakasone; he feels, not without reason, that Mr Nakasone is far too free with denigrating remarks about his own record in office from 1980-82; hence he encouraged Mr Miyazawa, who can also afford to wait, to run this year and even tried, apparently without success, to get Mr Tanaka to support him.

Failing this, Mr Suzuki, Mr Fukuda and maybe even Mr Komoto seem to be toying with the idea of promoting another interim candidate, one who would serve merely as a caretaker until the "new leaders" fight it out in 1986 and one who might appeal to Mr Tanaka.

This has given birth to the summer's most intriguing rumour (or kite) that the man they bave in mind is Mr Susumn Nikaido. This veteran politician has certain credentials; he is not only Mr Tanka's right-hand man but also LDP Vice-President and Mr Nakasone's unofficial roving ambassador; he was in Dallas this week heading the Japanese delegation to the Republican convention.

Mr Nikaido's qualifications and possible interest are, however, diminished by two factors. He is one of the "grey officials" implicated but never indicted in the Lockheed scandal, and he has become one of Mr Nakasone's chief cheerleaders.

It is apparent that the only way that Mr Nikaido or any other compromise candidate, including Mr Miyazawa or Mr Abe, would have a chance would be if the contest were decided in the proverbial smoke-filled room. But to guard against this admittedly longshot possibility, Mr Nakasone has to play a careful tactical game in the weeks ahead.

Under current rules, which may be changed, the LDP first holds a preliminary election of its 1.3m rank and file members, prior to a convention of its MPs. But it need hold the first stage only if there are four candidates in the field, which there may well not be this time. In this event, the party elders would seek to find a consensus to present to the Diet members.

Because of his general popularity his backing from Mr Tanaka's incomparable organisation, Mr Nakasone ought to win a preliminary election easily, thus removing any suspense from subsequent deliberations. This week the Nakasone faction proposed for one to be held, willy-nilly. For the same reasons, his opponents prefer the presumably greater fluidity of what goes on behind closed doors.

But, in either event, the bottom line remains that so long as Mr Tanaka stays with him Mr Nakasone is sitting pretty; and, for all the innuendoes about the real nature of the relationship between the two men, it does appear that Mr Tanaka is exercised by the lack of continuity in the Prime Minister's office. He has spoken of the desirability of something longer than the current two-year term for a party president; and what Mr Tanaka wants, he has a habit of getting.

At present, Mr Nakasone is riding so high that he may be unseated only by the sort of subterranean subterfuge that is always the major, perhaps even the sole element of real uncertainty in Japanese politics. His standing now represents no mean transformation from the near disaster that befell him in last December's general election.

The reasons for his renaissance fall into two broad categories. The first is that general circumstances have worked to his advantage; the economy is doing well, international relations are, for the moment, relatively trouble free; a lot of legislative business has been accomplished and the cloud over his government brought on by the conviction of Mr Kakuei Tanaka, the former Prime Minister, has dissipated.

The second, much more important in the battle ahead, is that the balance of party power favours him. In a nutshell, this means that the real political fulcrum, Mr Tanaka, still appears content to stick with Mr Nakasone. Mr Tanaka, however, is mercurial and the rumour mill was working overtime two weeks ago when he was spotted (on a golf course, naturally) with Mr Kiichi Miyazawa, probably Mr Nakasone's most serious challenger.

The corollary is that none of Mr Nakasone's rivals has made any apparent headway. One of the so-called "new leaders," Mr Noburo Takeshite, the Finance

# China seeks control over Hong Kong air rights

By David Dodwell in Hong Kong

NEGOTIATIONS between Britain and China over aviation rights into and out of Hong Kong after 1997 have run into difficulties, according to the Hong Kong-based Far Eastern Economic Review. British Government negotiators confirmed yesterday that discussions were proving difficult.

The Civil Aviation Authority of China, usually known as CAAC, which is both China's international airline and its department of civil aviation, is pressing for complete control of rights to fly into and out of the territory, which would have the effect of making Hong Kong "just another destination in China," the magazine says.

Such a move would seriously damage Cathay Pacific Airways, a subsidiary of Britain's Swire Group, which is, in effect, Hong Kong's flag carrier. It has grown strongly in recent years as the territory has become an increasingly important destination for airlines flying to Asia and across the Pacific.

The difficulty over aviation rights is one of four issues which remain as obstacles to a Sino-British agreement on the future of Hong Kong when it returns to Chinese sovereignty in 1997. The others are the rights of British nationals in Hong Kong, renewal of land leases, and the structure of local government in the territory after 1997. Negotiators are under pressure to initial an agreement within the next four weeks.

The Review notes: "Unless China shows through its policy on aviation that autonomous status for Hong Kong in international commercial affairs is more than words, the credibility of Hong Kong's separate role in other key international agreements on trade and finance will start to be questioned."

According to the Review, British negotiators in Peking have been pressing in vain for flying rights into the territory to be renegotiated by Hong Kong alone when it becomes a special administrative region of China after 1997.

# Thatcher tour cancellation causes upset in S.E. Asia

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT

GOVERNMENT OFFICIALS, businessmen and diplomats expressed deep disappointment at the sudden postponement of Mrs Margaret Thatcher's South-East Asian visit at such a late stage.

The Britisb Pirem Minlster was scheduled to visit Malaysia, Singapore. Indonesia and Sri Lanka in the last two weeks of next month.

British businessmen are tbe first to agree that a flag-waving trip promoting British interests in South-East Asian investment and trade can only benefit them in their efforts to win more business.

Mrs Thatcher herself also knows this. In all the countries she would have visited, British companies have been in the forefront of bidders for big contracts on major development projects, and the success or otherwise of this effort bas been of concern to Number 10.

The trip to Malaysia was particularly important. Relations with Kuala Lumpur have recovered from the trough they hit after October 1981, when Datuk Seri Dr Mahethir Mohamad, tha Malaysian Prime Minister, imposed his famous "Buy Britisb Last" policy for government contracts because of unhappiness over various British actions.

Ironically, it also coincided with outspoken remarks by Dr Mabathir earlier this week accusing Japan of insensitivity in its relationship with Malaysia. Japan's share of Malaysian trade is 25 per cent, while Britain'a is only 4 per cent—the precise reverse of the position 20 years ago, and an imbalance Mrs Thatcher would have been keen to redress.

# Muldoon policies criticised

BY DAI HAYWARD IN WELLINGTON

THE New Zealand Government yesterday released two reports, one from the Treasury and the other from the Reserve Bank, both severely critical of the economic policies of the previous Conservative government under Sir Robert Muldoon.

The Treasury report finds that monetary, fiscal and exchenge rate policies were "given as hostages" to support a price freeze introduced by the Muldoon Government in an effort to reduce inflation.

The report suggests a number of remedies to improve New Zealand's economic position, including floating the New Zealand dollar.

Mr David Lange, the newly-elected Labour Prime Minister, said the Government would take decisive steps alter the economic summit called on September 12 between industrialists, trade unionists and the Administration to discuss the economy. Some steps, such as exchange rate moves, hed already been taken, he said. New Zealand faces its "gravest economic crisis ever," he said.

Sir Robert said that in three years' time New Zealand's external accounts would come into credit because of the completion of major energy projects.

# AMERICAN NEWS

Peter Montagnon and David Gardner interview Sr Jesus Silva Herzog

## Reaping the rewards of austerity in Mexico

SR JESUS SILVA HERZOG may be about to put the banking magazine Euromoney in an embarassing position. Having chosen the Mexican as Finance Minister of 1983, it may have no choice but to *plump for* the anti climax of honouring him again this year.

Mexico's realism in confronting its $90bn (£70bn) debt problem has this year firmly enthroned it as the darling of the economic establishment in the industrialised world. *As a* reward Sr Silva Herzog will next week announce that Mexico will pay a margin of only one and one-eight per cent over eurodollar rates on a huge new rescheduling. The debt covered by the deal could be as high as $48bn and the arrangement itself will certainly rank as the largest commercial bank rescheduling ever.

But in an interview Sr Silva Herzog commented that Mexico's own solution to its debt problem is not necessarily one that can be readily transferred to other debtors too.

Looking ahead to the meeting of Latin American debtors in Mar Del Plata, Argentina, next month and to the International Monetary Fund meeting later in September, the Minister said the debt problem is still a complex and long-term *issue*. "We will need the participation of everybody, not just the banks and the debtors. It's a question of the creditor governments and international organisations too."

Although there had been little tangible response from creditor governments to the first debtors' meeting held in Cartagena Colombia in June, at least industrial leaders "did recognise that there was a problem" at their summit the same month. This was something they had not been prepared in do before, he said.

Meanwhile a unilateral declaration of default on the part of the debtors was still no solution to the problem. Nor could there be a global negotiation between debtors and creditors when the problems faced by individual debtors differ widely from country to country.

There will always now have to be found to secure a resumption of economic growth in the debtor countries. "The slowdown of economic activity is not sustainable, the first priority must be development."

Mexico, he believes, is in many ways a case apart. In 1982 the Government recognised that it had no choice but to opt for austerity simply because it had run out of foreign exchange.

Two years later it is clear that the cost of that austerity *has been high*—even toothpaste disappeared from the shops at one stage but Mexico was lucky in being able to force it through without any serious political repercussions. In other countries that has not been possible. "If you go south the question of foreign debt is written large across the streets. It's a political issue discussed every day."

Now growth has resumed in Mexico. After a 4.7 per cent drop in GDP last year economic growth in 1984 is likely to exceed the official forecast of 1 per cent. The balance of payments is in healthy surplus. Reserves stand at $7bn and only inflation remains stubbornly high with prices rising 34.7 per cent in the first seven months of this year.

Finance Minister Silva Herzog

On the basis of these results Mexico seems to be a clear-cut vindication of the orthodox IMF approach to debt rescheduling and economic adjustment. If Mexico can come through the crisis, there ought to be no reason why other countries cannot do the same.

But Mexico has a further unusual advantage, says Sr Silva Herzog, in its cushion of $16bn in annual oil exports. This means that its debt service costs are relatively low despite the country's high overall foreign debt. Interest payments consume only 40 to 45 per cent of Mexico's export revenues. Elsewhere in Latin America the ratio *can go as high as an* "impossible" 130 per cent.

"In general the only way we can find a solution is to have longer (debt) maturities and a significant reduction in the cost of money," he said.

"We don't think that economic activity in the industrial world is the only key." Demand for Latin American exports has been proportionately less in this U.S. recovery than in the past, and the debtor countries cannot rely indefinitely on export-led growth.

In many debtor countries this year's export boom has been achieved only at the cost of stringent domestic restraint. At some point demand in the internal economy must be allowed to revive, not least because higher economic output reduces the weight of foreign debt in relation to GDP.

In Mexico's case the Minister said an "adequate" growth rate of 5 to 6 per cent should be reached by 1986-88 which will permit the restoration of improvement in per capita income.

Growth will also be different in style so that the impact on social welfare is greater, he said. Instead of large-scale investment in petrochemicals for example, special attention will be paid to agriculture which has lagged behind the rest of the economy over the past 20 years.

However, the Minister offered little hope of being able to satisfy those foreign bankers who believe that creditors should be given a long-term say in how the debtors manage their economies.

The monitoring arrangements built into the new Mexican rescheduling deal will amount to no more in practice than a standard arrangement of information with the IMF, he said.

That institution and its sister organisation the World Bank have no role to play in long-term economic planning of the debtor economies. Much as creditors might wish it that type of control is something, he said, which "we will never accept."

## Tennessee abandons four nuclear reactors

By Paul Taylor in New York

THE TENNESSEE Valley Authority (TVA) is abandoning four unfinished nuclear reactors and will take a $2.71bn (£2.1bn) write-off as a result of the decision.

The power authority said it would take a $900m write-off this year with the remaining $1.9bn being written-off over the next 11 years.

The TVA move is the latest evidence of the plight of the U.S. energy utilities which have been forced to delay or abandon an increasing number of nuclear power plants because of spiralling costs, falling projections of future electricity demand and, in some cases, safety considerations.

The four TVA reactors are at two nuclear plants under construction, the Hartsville plant near Nashville, Tennessee and the Yellow Creek facility near Iuka, Mississippi. The decision taken by the TVA board, follows an earlier recommendation by TVA staff who argued that the cost of completing the reactors had risen dramatically while estimates of energy demands had fallen.

Between 1966 and 1975 the TVA approved construction of 17 nuclear units. Of these eight units have been cancelled after an investment of about $4bn, four are under construction and five are operating.

## Reagan use of 'pocket veto' illegal, says court

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan acted illegally last November in using a special constitutional procedure to kill legislation passed by both House of Congress, a U.S. court of appeals has ruled.

The Bill was intended to extend a requirement that Mr Reagan certify regularly to Congress that the El Salvador Government was making progress on human rights, as a condition of receiving further U.S. aid. The relatively obscure procedure invoked by Mr Reagan is known as the "pocket veto," available to the President only when Congress is not in session.

To exercise the "pocket veto," the President simply declines to sign a bill sent to him by Congress and does nothing further about it (puts it in his pocket)—on the assumption that there will be nobody on Capitol Hill to receive it if he returns it. When Congress is in session, a vetoed bill must be sent back to give Congress the chance to over-ride the veto by a two-thirds majority of both Houses.

Congressional opponents of Mr Reagan's action argued that the pocket veto is only legal during the period between full Congressional terms, following congressional elections once every two years, and not during ordinary recesses like the one last November, when there are still agents on capitol hill to receive a vetoed bill.

The full implications of the court's ruling on the historic tussle between Congress and the Executive were not clear yesterday, as the court still had to publish its full opinion. The case, which could still go to the Supreme Court, was brought by a group of 33 congressmen who both opposed Mr Reagan's specific dismissal of the El Salvador human rights certification requirements and believed that in general Mr Reagan was trying to thwart the will of the country's elected representatives.

The ruling was expected to have no immediate effect on the amount of funds disbursed to El Salvador because only four weeks remain until the current fiscal year ends on September 30, and the money has already been spent.

## Religion may turn into major U.S. election issue

BY OUR U.S. EDITOR

THE DEMOCRATS are now considering whether to take the risky step of raising the relationship between politics and religion—or indeed the whole question of whether there should be such a link—as a major issue for November's elections.

Ms Geraldine Ferraro, the party's vice presidential nominee, pinpointed the issue in a speech yesterday as a potentially major theme for the Autumn campaign. In Minnesota, Mr Walter Mondale, the presidential contender, made it clear that he planned to make an important statement on the subject soon.

The Democrats are fully aware that they could be steeply raising the stakes in the contest with President Ronald Reagan by broaching such an emotional subject. American voters tend to have exceedingly strong feelings on the subject, which touches on bitterly disputed issues like abortion and prayer in schools.

Many Democrats believe they have been handed an opportunity by Mr Reagan himself that may be too goo dto miss. In an address to an "ecumenical prayer breakfast" in Dallas last week, Mr Reagan went further than any President in recent history in suggesting that religion, politics and morality were inseparable.

Mr Reagan sharply attacked opponents of a proposed constitutional amendment that would permit voluntary prayer in public schools as "intolerant of religion." He said that "religion and politics are necessarily related" and that this "has worked to the benefit of the nation."

In a country in which the constitution goes to great lengths to separate church and state, such statements are highly controversial.

Earlier this week, Mr Mondale, also in Dallas, said that "once you let the politicians interfere with religious faith, you destroy it."

## Nationwide strike called in Argentina

ARGENTINA'S largest labour federation has called for a nationwide general strike on Monday and broke off talks with the Government on a salary agreement, AP reports from Buenos Aires.

The decision by the General Confederation of Labour was made yesterday at a meeting of its secretary generals and was announced in a communique.

The decision followed a meeting with Sr Juan Mauel Casella, the Labour Minister, and represented a serious setback to efforts by President Raul Alfonsin's government to achieve accord with organised labour on salary policy.

Confederation officials said they had clashed with Sr Casella on an agreement, announced a week ago, to set the minimum salary for private workers at about $229 per month.

## U.S. forex turnover continues rapid growth

BY NICHOLAS COLCHESTER

TURNOVER in the U.S. foreign exchange market has continued to grow rapidly in the early 1980s, but not at the explosive pace recorded between 1977 and 1980. A study by the Federal Reserve Bank of New York shows that U.S. foreign exchange transactions were running at $33.5bn (£25.6bn) per day in April, 1983, up from £23.4bn in March, 1980. Only three years earlier, trading had been running at just $5bn a day.

The Fed's study, published in its summer quarterly review, notes that the development of the market was driven by conflicting influences in the early 1980s. On the positive side, financial de-regulation in the U.S. fostered a sharp increase in the *trading* of "non-bank financial institutions," including securities and brokerage houses, commodity firms and insurance companies.

Their increased activity was aided by another stimulus, the liberalisation of foreign exchange controls in the UK and Japan in 1979 and 1980, respectively. The resulting greater freedom for international investors to diversify their investments tended to boost the trading of such "non-banks" more than that of banks, whose foreign exchange business is more dependent upon trade-related transactions.

The worldwide recession slowed the growth of such trade-related dealing, an effect heightened by the crisis over world debt. In addition, major changes in foreign exchange accounting rules made U.S. corporations less inclined to hedge against balance-sheet foreign exchange exposure. The result of these negative influences, says the study, was to lead commercial banks to alter their approach to foreign exchange business.

The study finds that banks have been compelled by considerations of cost, risk and available profit to "question the wisdom of conducting rapid 'in-and-out' transactions to benefit from short-term movements in exchange rates." Banks are less interested in volume for its own sake. They are less inclined to deal directly with one another, quoting two-way prices, and are more inclined to use foreign exchange brokers. Some are emphasising a more strategic approach to position-taking, seeking to benefit from their longer-term exchange rate expectations. At the same time, banks have migrated towards more sophisticated foreign exchange business — foreign exchange futures, foreign currency swaps, and choss-currency trading (trades not involving the U.S. dollar).

The other notable development in the foreign exchange markets in the early 1980s has been the *rise in the role of the* Japanese yen, following the freeing of foreign exchange restrictions on Japanese capital transactions in December, 1980. The yen's share of U.S. turnover went from 10 per cent in 1980 to 22 per cent in 1983, with the losers being the Canadian dollar and the pound sterling.

## OAS body urges flexibility on credits

By Mary Helen Spooner in Santiago

THE INTER-AMERICAN Economic and Social Council has passed a resolution urging international financial organisations such as the World Bank and the International Monetary Fund to show greater flexibility in awarding credits to Latin American and Caribbean nations. The resolution, presented by the U.S., Jamaica, Argentina, Peru, Chile and Colombia, was approved unanimously yesterday in Santiago. The Council is part of the Organisation of American States, which has recently taken increasing interest in the issue of Latin American debt and trade relations.

# WORLD TRADE NEWS

## Unctad report calls for restructure of international trade

BY OUR FOREIGN STAFF

THE annual report of the United Nations Conference on Trade and Development (Unctad) is deeply sceptical of the way in which the economic recovery in the industrialised countries, led by the U.S., can be expected to filter through to the developing world.

It blames the critical situation in the developing countries on what it perceives as basic weaknesses in the present system of international trade and finance and it calls for this system to be restructed with a renewed emphasis on employment, growth and development.

In presenting the report in Geneva yesterday, Mr Gamini Corea, the secretary general of Unctad, insisted that a set of direct actions were needed "across a whole spectrum of money and finance, trade and commodities" to re-activate the process of development in the Third World.

Much of the 334-page report is a review of the way the trade, exchange rate and financial systems have evolved since the Second World War. It outlines how trade has become more managed and manipulated and less subject to the rules of the General Agreement on Tariffs and Trade (Gatt), how the fixed exchange rate order has given way to one of volatile floating exchange rates and how official flows of finance have been overwhelmed by private flows.

It argues that the developing world has been adversely affected by the combination of greater economic interdependence, the more volatile currency system and the variability of the economic policies pursued by developed countries. The present system has, it says, tended to amplify the negative aspects of the economic performance of the developed world in its impact upon the underdeveloped.

But in calling for reform of this system, the Unctad report does not make many specific recommendations. Instead, it asks governments "to grapple with a number of very basic and fundamental issues."

Among the issues: how can developed countries take the needs of the economic system as a whole into account in designing their economic policies? Can the bias of the system against full employment and development be corrected? Should the balance of payments adjustment process be more symmetrical, so that "the distribution of the burden of adjustment between surplus and deficit countries would be arrived at in the light of the overall cyclical situation in the world economy?"

The report regrets that decisions on such questions are unlikely to be taken under the present circumstances in which the closely connected problems of development, employment, debt, trade and payment balances are dealt with through separated institutions such as the Gatt, the World Bank, and so on.

## Finance sought for C. Itoh contract

By Our World Trade Staff

C. ITOH, one of Japan's biggest trading houses, is negotiating a $160m loan from London merchant bankers Morgan Grenfell to help to finance Japanese participation in the construction of a $730m power station in Iraq.

The trading house signed a contract in Seoul on Wednesday with the prime contractors for the 1.2m kilowatt power plant, Hyundai, of South Korea. Under the deal Hitachi is to supply four 300,000 kilowatt boilers. It is not clear whether official Japanese export credit guarantees will be made available.

Last year the Westinghouse group, once mooted as suppliers of turbines for the plant, pulled out when the U.S. Exim Bank refused to back it. This business then fell to Britain's NEI, who was awarded a £65m ($85m) contract in June to supply the boilers.

Export credit guarantees for the British involvement were drawn from a £275m credit made available for trade with Iraq last year and backed by the Export Credits Guarantee Department. Morgan Grenfell also arranged that credit.

It is not yet clear how much of the financing for the power plant, to be built just south of Baghdad, remains to be finalised.

Hyundai it is understood has been able to provide only $100m in finance for the project, and has had to rely on commercial banks for the remaining $630m because the Iraquis have insisted on all financing being external.

Anthony Moreton reports on moves to liberalise the Multi-Fibre Arrangement

## Numbered days for textile trade protection

ALONG the corridors of the Gatt building in Geneva there is a perceptible feeling that the days of the Multi-Fibre Arrangement (MFA), the world agreement governing a large part of trade in textiles and clothing, are numbered. The word on everyone's lipa is "liberalisation."

There is strong pressure from Third World countries, led by Hong Kong, for the present agreement, the third, to be the last.

But within the General Agreement on Tariffs and Trade (Gatt) this is thought to be impracticable.

A more sensible course, it is argued, is for the importing countries to give a firm commitment that MFA 4 would be the last. After it, trade in textiles and clothing would be unimpeded by the myriad rules and regulations which have been in existence for at least 20 years.

In return for such an undertaking, Gatt would like to see a longer agreement than the present MFA, which began on January 1 1982, and will expire at the end of July 1986. Gatt is unofficially looking for an end to the MFA around 1993 or 1994.

A top-level committee, the Working Party on Textiles and Glothing, has already held two meetinga under the chairmanship of Mr M. G. Mathur, the Indian deputy director general of Gatt, on how to liberalise the MFA and is likely to bave another two or three before it reports to the Gatt council early in November.

At the same time, the Textile Surveillance Body, a separate committee set up to monitor the working of the textile agreement, will spend the best part of a week next month considering n report on the MFA.

That report, Textiles and Clothing in the World Economy, all but concluded that the MFA waa a mistake. Only the terms of reference precluded the report from reaching — and publisbing—such a conclusion.

It is bardly surprising that Gatt should be so strongly free-trade oriented. It was set up in 1947 specifically to promote freer trade in the world and, after being buffeted by protectionist forces for years, suddenly finds the tide flowing its way. Both the Gatt ministerial meeting of 1982, which commissioned the report, and *this year's London summit* pushed the boat along with the tide.

In a curious way Gatt has also been belped by the protectionist stance taken in the U.S. by President Ronald Reagan as he aeeks to placate the strong and influential textile lobby in Washington. Those moves, which have particularly hit Ghina, South Korea, Hong Kong and Taiwan, have led to a backwash of complaints within the U.S. as well as from outside.

Those complaints are based on the premise that the textile and clothing industries have had long enough to put their house in order.

Textile protectionism stems from the Long-Term Cotton Agreement of the mid-1960s and

Mr Arthur Dunkel, director-general nf Gatt

was succeeded by the MFA in 1974. Gatt believes that if the arrangement is extended beyond MFA 4, there is a grave danger that it could become institutionalised.

This is not just a problem for the West but also for the producers. The quota systems and licensing arrangements which have grown up in the producing countries to cater for the administration of the MFA have led o a feeling of comfort among many producers. They and prodncers in the importing countries, now have a vested interest in seeing the MFA continue.

When Mr Arthur Dunkel, directors-general of Gatt, put this very point to a meeting of prodocer countries in Karachi last month, it was not well received.

"All trade restrictions create vested sectoral interests," he stated. "Such vested interests can be counted on to oppose vigorously any change in the status quo."

Exporters could find market-sharing agreements "comfortable" he warned, adding that it was not only the developed countries but also the developing countries themselves that needed to do "some hard thinking in the coming months."

But the main message coming from Textiles and Clothing in the World Economy, so far as the West was concerned, was that there was nothing unique about the challenge presented by competition from the developing *countries in* textiles and clothing and therefore nothing to justify textile protectionism.

There is, however, a keen awareness in Geneva that it would be dangerously unwise to cut off the MFA suddenly, either in 1986 or with a very short time-scale MFA 4.

If MFA 4 is to be the last one, then it needs to be phased out gradually. There is e school of thought that accepts four-year MFAs are too short a time-span to do very much other than buy time for the industries they are supposed to be helping and avoid market disruption. A longer MFA 4 is therefore a prerequisite to its abolition.

How long could be determined by President Reagan's blatant politicking. Officials in Geneva are well aware that the very worst time to renegotiate en MFA is during an American presidential election.

Too many pressures are put on the strongest importing nation and, it ia considered, it would be better to consider the future (for which, read "ending") of the Multi-Fibre Arrangement without the pressures a presidential election inevitably brings.

That immediately suggests somewbere between 1993 and 1995. It would therefore not be surprising if Gatt were to start forming opinion around the case for MFA 4 being the last.

One other idea being floated is to set up, in the wake of the MFA, a trade surveillance body.

There exists a precedent in the *textiles* surveillance body, a committee which meets once a month to look in depth at all the arrangements made to regulate trade in textiles and clothing.

In practice the Textile Surveillance Body has not operated as many had hoped because its membership bas been limited to government nominees, it has had difficulty in reaching decisions because of the need to maintain a consensus and its rules were drawn up too loosely.

It is thought that if a trade surveillance body learnt from the mistakea made in framing the TSB it could be a useful piece of equipment in Gott's armoury and would be at least one practical outcome from 30 years of textile restrictions.

## Anglo-German consortium wins Andes pipe contract

BY OUR TRADE STAFF

A GONTRACT to build a 184-mile oil pipeline across the Andes to link up a new oilfield in north-east Colombia has been awarded to an Anglo-German consortium.

Mannesman of West Germany and International Management and Engineering Group of the UK are to start work in December on the $170m project.

The deal was announced in Los Angeles by Occidental Petroleum and the Colomblan state oil company Ecopetrol, who are splitting the cost of the plpeline.

Dr Armand Hammer, chairman of Occidental, which bas made a number of discoveries in the *area*, *said* the pipeline was due for completion in one year and would bave a capacity of 90,000 barrels a day which could be lncreased to 250,000 b/d.

The line will connect the new Gano Limon field with an existing plpeline at Rio Zulia, near Gucata.

## Belgrade plans duty free zones

By Aleksandar Lebl

THE Yugoslav Government is proposing new legislation wbicb should facilitate creation of duty free zones and economic activities within them. Importing equipment, intermediates, fuels and other materials for manufacturing, finalising or upgrading goods, would be free in the zones.

The move comes 30 years after the first legislation was passed ln 1963. Seven zones were established in major Adriatic ports and in Belgrade, but becauae of what is now considered restrictive regulations very little was achieved.

## Taiwan opens talks on Ford expansion

BY ROBERT KING IN TAIPEI

WHILE Toyota and the Taiwan Government tussle over details of a proposed 300,000 unit a year car plant *here*. *Ford Motor* Company's local affiliate has opened discussions with the government over a possible expansion of its acuivities which could prove an alternative to the Toyota project.

Details of the Ford proposal are *still very vague* but *they* may be substantial enough to bave contributed to Taiwan's tougher stance over the terms of Toyota's proposed joint venture wiih Gbina Steel Gorporation and several local companies to produce cars for export.

The government has set September 4 as the last date for Toyota to meet its demands for guaranteed export quantities and a scheduled transfer of technology in a project that was lnitiated by Thao Yao-tung, then chairman of the state-owned China Steel Corporation, later economics minister and now bead of the Economic Planning Council.

Thao had planned for the Toyota joint venture to export as many as 150,000 cars a year by 1994. But the start-up bas been delayed by the Taiwan Government's insistence on guaranteed export ratios and on a technology transfer.

Government officials have recently insisted they still very much favour the Toyota project, but they are equally insistent on Toyota meeting its commission. The government has also said it will not extend the September 4 deadline for an agreement.

The project may look less rosy in Taiwan because of the talks with Ford, but it may also be starting to look less attractive to the Japanese, who were seeking a foothold in the Taiwan car market via manufacturing. Tba government has announced that it plans to lift bans on imports of Japanese cars over the next four or five years and will significantly lower import duties on cars from the present 65 per cent.

## French computer group in Norwegian videotex deal

BY DAVID MARSH IN PARIS

GAP GEMINI SOGETI, France's biggest computer services group, has clinched a Norwegian order to supply software for the country's planned public videotex system.

The contract, from the Norwegian telecommunications administration is worth FFr 14m (£1.2m), to be split roughly 50:50 between Cap Gemini Sogeti and the U.S. company Taodem which is supplying hardware for the project.

Although relatively small, the company regards the deal as a breakthrough as it is the first time French videotex technology has been chosen for a public system in another European country. The French group already plays a key role in France's own videotex system, based on an electronic telephone directory.

M Christer Ugander, head of the company's European activities, *said yesterday* he hoped the order would provide an international reference for French technology and pave the way for more foreign deals. Luxembourg and Singapore have already put out tenders for similar systems.

The Norweginn *deal* was won in competition with International Business Machines.

# UK NEWS

## Miners plan to picket Congress and all pits

BY OUR INDUSTRIAL STAFF

LEADERS of the striking mineworkers yesterday announced plans for a mass picket of every pit, coking plant and workshop on Monday – the first day of the trade unions' annual congress and the day on which it has been suggested that moderate miners will attempt a large-scale return to work.

Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), denied that his union's executive had taken the decision because of a fear that many miners would opt out of the 25-week strike.

He said there would also be "considerable numbers" of miners who would lobby the Trades Union Congress (TUC) at its meeting in Brighton, southern England.

Leaders of the TUC were last night involved in efforts to persuade the NUM to accept a statement of support from the TUC general council, which would stop short of the miners' key demand that all picket lines established by the NUM, or other unions supporting them, must be respected.

The issue has emerged as the crucial and potentially the most divisive one facing Congress, if, as expected, the NUM insists on bringing its motion calling for total support to debate on Monday.

The general council, meeting in Brighton yesterday, held a lengthy and at times heated debate on the level of support it could offer the mineworkers. Unions in the power industry insisted that they could not instruct their members to observe miners' pickets.

Senior managers with the National Coal Board (NCB) believe that the emotional debates expected to take place at the congress over the miners' strike will be irrelevant to the outcome of the dispute.

Their view is that once the rhetoric is over, there will be little practical support. They believe that the decision of the NUM leadership not to draw into its TUC composite motion the proposal for a 10p weekly levy on all union members to help the miners is a clear indication that the NUM has done its sums – and found support is not there.

This bears out the NCB's own information, supplied by its privately-conducted polls – and bolsters management's already-firm view that no more ground should be given by the NCB.

The private polls are showing widespread and growing dissatisfaction among the public and trade unionists towards the tactics in the coal dispute adopted by the NUM leadership.

The previously-undisclosed polls have been carried out extensively and repeatedly by the NCB during the 25-week strikes and have been crucial in maintaining the confidence of Mr Ian MacGregor, NCB chairman, and senior managers in their strategy.

Evidence from the NCB's confidential polls had been showing that support for the miners in the strikes was mixed. But the latest figures show a marked and recent shift against the NUM.

The most recent returns show that 68 per cent of the public, and more crucially for Mr Scargill's hopes of winning wider trade union support, 61 per cent of all trade unionists, believe that the NUM leadership is politically motivated in the dispute.

Mr MacGregor said last night that the mass picket of all NCB sites called for next Monday by the NUM clearly showed mounting worry among the union's leadership about the return to work movement in the coalfields.

He said that the NUM's decision seemed to show that the dispute was not moving any nearer a resolution. "It could imply that he (Mr Scargill) is becoming increasingly concerned about the expectations of a back to work movement." NCB leaders doubt that the NUM will be able to muster enough pickets to have any widespread effect over all the NCB's 208 sites.

## Tory MP launches plan to cut jobless

By Ivor Owen

A PROGRAMME for keeping 1m people in employment at a net cost of less than £1bn a year was launched yesterday by Sir Philip Goodhart, a Conservative MP and former junior minister.

His proposals, which he insists would not involve the Government initiating any embarrassing U-turn in its economic policy, point to the concern among many Conservative MPs about the growing likelihood that the unemployment total will stay well over 3m up to the next general election.

Sir Philip, a member of the executive of the 1922 Committee of Conservative backbenchers, an influential group's advocates measures in a pamphlet called "Jobs Ahead" which are backed by many of the arguments used by Mr Edward Heath and the so-called "wets" on the Conservative backbenches. They have repeatedly called for more positive action by the Government to deal with the unemployment problem.

While Sir Philip takes personal responsibility for the views expressed, the pamphlet was produced in consultation with the One Nation group of Conservative MPs.

The timing of its publication, just ahead of the Conservative conference and while ministers are actively considering changes in regional policy due to be announced in October, is not without significance.

His main proposals are:

● A 50 per cent reduction in the employers' National Insurance contribution for workers in all the economically assisted areas – to be financed from the savings resulting from the scrapping of the existing system of regional aid.

● Abolition of the employers' National Insurance Contribution for all workers under the age of 20, and a year's waiver when anyone over the age of 55 who has been unemployed for three months or more is added to the payroll.

● Government encouragement to public and private sector employers to introduce a short working week to permit job sharing by school leavers – four days pay for four days work.

**John Lloyd, Industrial Editor,** looks at the next head of the trade union movement

## Willis, the puzzle, set to take over TUC leadership

EVERYONE SAYS Norman Willis is a puzzle. No one knows what he might be capable of. Some who profess to know dismiss him as a buffoon; while others reckon he could knit together the schismatic Trades Union Congress (TUC) and usher in a a new era. But they usually add: "I could be wrong."

Mr Willis will be confirmed as the 17th general secretary of the TUC next Tuesday, when the votes are cast at the 116th TUC Congress at Brighton. He has enough already committed to win: but he will take the post on a contested vote with David Lea, the assistant general secretary – with almost as many doubts over his future performance in the minds of his supporters as in the minds of those who oppose his election.

He will inherit an in-tray from Mr Len Murray, the retiring general secretary, which will have scarcely a cheerful bit of reading in it. So depressing are the omens for Mr Willis that he has just about nowhere to go but up.

He has gone up quite consistently since he got a job as a messenger boy at the age of 16 at the Transport and General Workers' Union (TGWU) headquarters in 1949. His father was a barber and a keen trade unionist: his mother was as committed, and has been a crucial influence on his life.

He took a spell out at Ruskin College after national service, and returned to the TGWU as research director to Mr Jack Jones, its general secretary, from 1970 to 1973. In that year, he applied for and got the job of TUC deputy general secretary as Mr Murray moved up to succeed Mr Vic Feather.

The conventional wisdom has been that Mr Jones, the TUC's most powerful figure, placed Mr Willis in the post. It is a measure of the damage Mr Willis believes that story can now do him that he has spent some time and energy setting the record straight.

His mother, then near death, had seen the job advertised and cajoled her unwilling son into applying. Mr Jones was rather against the idea because he believed there could be no better place to work than the TGWU (although he supported his candidature). So Mr Willis arrived as number two.

And as number two be hes stayed. The TUC is so organised that everyone is an assistant to the general secretary, there is no tradition of baronies within the kingdom.

Mr Murray by temperament was a fanatic for work and detail, while the two assistant secretaries Mr David Lea and Mr Ken Graham, appointed in 1978 - have overseen the major departments of economics and employment.

Mr Willis was given Congress House to organise, ran committees on pensions, organised the TUC input into the People's March for Jobs and the Tolpuddle rallies – but, except when Mr Murray was ill, was given no taste of Whitehall manoeuvring, top-level inter-union head-banging or taking the ring in the media circus.

He did not attempt to rebel against his lot. Relations between Mr Murray and Mr Willis are not known to be cordial, but the deputy stuck to his belief that the boss is the boss. He carved out something of a niche for himself in smoke-filled rooms at such times of crisis as the winter of discontent (1978/79) and he was an assiduous attender and speaker at the less glamorous union conferences.

His jolly sociability and stream of jokes made him popular on the rostrum and in the pub afterwards (and discouraged many from taking him seriously).

It stands in marked contrast to the austere, socially stiff Mr Murray whose caustic tongue has made and kept enemies. Mr Willis is making a conscious effort to cut out the jokes, but at 51 he cannot remould his character. The years of his stewardship (they could be as many as 14) will have a vastly different flavour from Mr Murray's.

A recent illustration: when Mr Murray became ill in the heat of the Tolpuddle rally last month, Mr Willis took the opportunity of temporary access to power to travel up to Sheffield with Mr Ray Buckton, the present TUC president and general secretary of the train drivers' union Aslef, to sound out the miners' leaders on how the TUC might help (or become involved in) the strike.

The act was a graphic contrast in styles: Mr Murray would have expected the miners' leaders to come to him, in London, and would have waited for the "proper" opening before compromising the dignity of the TUC by courting the snub which Mr Willis got.

The signs are that he will try to run an informal, open, endlessly consultative TUC, aiming at dissolving tensions and conflicts through discussion and compromise. His approachability, the depth of his contacts and his problem solver's mind will stand him in good stead.

Yet he will face some of the largest strategic problems confronting any general secretary, ever.

For the first time since the early 1930s, union membership is set on a long-term pattern of decline as unemployment continues to rise.

Mr Murray's ambitious attempt to make unions more responsive to their members and hence carry more weight in Government foundered on a hundred rocks of overt or sullen opposition, and nothing has taken its place. The gulf between left and right-wing unions yawns wider than ever, and no one person, or group, on the general council can bridge it for long.

He must play his part as the senior partner in the old firm of the labour movement, a part made easier by his friendship with Mr Neil Kinnock, the Labour leader.

## UK leads in diesel generator exports

BY DAVID LAWSON

BRITAIN has become the world's leading exporter of diesel-powered generating sets. Last year the industry overtook the lead held by the U.S., and preliminary figures show that the UK is holding its position in 1984.

Exports of generating sets, which make up more than 80 per cent of the UK industry's output, reached £156m last year, compared with £148m in 1982. U.S. output fell to £131m in 1983 from the commanding lead of £246m the year before.

West German exports slipped from £142m to £125m in the same period, while Japan's total (after stripping out petrol-set figures) declined from £91m to £70m.

The UK growth came partly at the expense of the U.S. because of the stronger dollar. However, new markets were also found in Angola and South America, while business grew in Nigeria and the Middle East, according to Mr Iain Dale, chairman of the Association of British Generating Set Manufacturers.

There are fears of a setback in the oil-producing countries, while the Nigerian market has fallen from a total of more than £50m to only £13m this year after a freeze on orders. Yet estimates for the first half of 1984 show that UK exports are continuing to look healthy, reaching £65m, compared with about £50m for the U.S. and £45m for West Germany. Japan's adjusted total is estimated at about £35m.

Mr Dale said he was pleased with the way that most British manufacturers had heeded warnings not to use cheaper Japanese components.

## Oil demand trebles at power stations

BY MAURICE SAMUELSON

BRITAIN'S electricity industry cut its consumption of coal by 38.5 per cent in the first three full months of the miners' strike, while oil purchases by the industry more than trebled.

The Department of Energy's latest monthly statistics provide further evidence of the strike's impact on power stations as they try to ensure unbroken supplies next winter.

Between April and June, the industry burned 11.3m tonnes of coal, 7.1m tonnes less than in the corresponding months last year. Although power station stocks fell by only 3.2m tonnes – under a third of the consumption rate – stocks at the end of June stood at little more than half those of June 1983 – 16.7m tonnes as against 30m.

Assuming Britain's warm summer has kept the subsequent coal depletion rate constant, power station stocks must now stand at about 13.3m tonnes, compared with more than 30m tonnes a year ago.

Energy statistics show a sharp leap in deliveries of oil to power stations – from just over 1m tonnes between March and May last year to 3.26m tonnes in May-March 1984.

The Central Electricity Generating Board claims that it can ensure power supplies for "several more months" because of the greater oil burn and the amount of coal still being produced.

## Information industry forms policy group

By Raymond Snoddy

NEARLY 30 organisations and associations in Britain's information industries are setting up a confederation to try to expand the market for their products and services.

The body, to be called the Coofederation of Information Communication Industries, will attempt to develop coherent policies for the information industries, which include publishing, printing, broadcasting, cable and satellite televisioo, film, video, recording, videotex, computer software and libraries. They are estimated to have a total annual turnover of £15bn.

The confederation's working party says there is "a clear and identified danger that the full potential of this important and growing sector of the British economy – particularly in achieving the full benefits of 'tradeable' information and British innovation – may ont be realised."

Mr Clive Bradley, chief executive of the Publishers Association, is to be the confederation's director.

## Jenkin defends state's strategy on grants

BY DAVID HELLIER

THE GOVERNMENT has rejected some conclusions of a report that calls for major changes in the way grants are distributed to local authorities.

The report, published yesterday by the independent Audit Commission, found that the basic idea of a block grant was sound; but it criticised the imposition of spending targets and penalties, and the use of inadequate information, particularly on local needs and property values.

Opponents of the Government's policies towards local government finance have seized on the report's conclusions and say that they highlight some of the inadequacies of the present system.

Mr Patrick Jenkin, Environment Secretary, said yesterday that while most of the report's recommendations seemed reasooable, they were based on a number of wrong-headed arguments.

"We do ont accept the allegation that our efforts to restrain local government spending have caused rates to be more than £1,200m higher than they might otherwise have been," he said.

The report says such overspending has come about because local authorities have been forced to cope with uncertainties in the distribution of block grants by using special funds.

Mr Jenkin argues that the build-up of reserves is estimated to be lower as a proportion of current expenditure in 1983/84 than it was in 1978/79.

"We do not accept the surprising assertion that there might have been no 'real' overspending in 1983/84," he said. "Local authorities' own latest estimates show current expenditure at £750m above the Government's plans for that year."

Dr John Cunningham, Labour spokesman on the environment, called the report "a damning indictment of Mrs Thatcher's Government's policies towards local government finance."

## Vauxhall lays off staff after unofficial strikes

BY OUR LABOUR CORRESPONDENT

MORE THAN 3,000 Vauxhall workers were laid off yesterday in a long-running bonus scheme row. Soon after bodyshop workers voted to walk out of their car plant at Luton, the company laid off almost half the factory's production force.

The decision followed two weeks of wildcat (unofficial) action by groups of hourly-paid workers on the successful Cavalier line.

● July's national dock strike, which lasted 11 days, caused the loss of about 200,000 working days, according to Government figures.

## Oil price cut 'would aid growth'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A FALL in the international price of oil would help the British economy by stimulating economic growth and helping to cut unemployment, the London Business School said yesterday.

The school's centre for economic forecasting believes, however, that an oil price cut would have an adverse effect on the UK inflation rate, although cheaper oil would tend to depress prices worldwide.

In a paper "Lower Oil Prices and the UK Economy", based on a computer simulation, the centre predicts that a 14 per cent fall in the price of oil from $29 a barrel to $25 a barrel would cause a fall of about 9 per cent in sterling's trade-weighted value against a basket of currencies.

It would also add about 1¾ percentage points to the inflation rate after three years. The centre makes the point, however, that the fall in the exchange rate associated with a fall in the oil price would not by itself be inflationary.

This is because the higher import prices resulting from the fall in the exchange rate would be offset by the lowered cost of energy. The higher inflation rate predicted by the centre's model of the economy results from a complex inter-action of changes.

The fall in oil prices would, it is estimated, improve national output by about 1 per cent and manufacturing output by about 2 per cent. In three years' time unemployment would be reduced by nearly 200,000

This analysis is based on the view that the Government would not react to the fall in oil prices by defending sterling or seeking to curb an overshoot of its public sector borrowing requirement

● Britain's North Sea oil output is now worth £40,000 a minute, according to figures for July production released yesterday by the Royal Bank of Scotland.

Oil output recovered in July after several months of falling production. Last month the daily average production was 2.54m barrels of oil.

The July value of sterling fell by over 5 cents against the U.S. dollar, to an average of 1.323. Since oil is priced in dollars this had the effect of boosting the daily sterling value of output by £2m.

## European tourism expected to grow

BY ARTHUR SANDLES

THE WILLINGNESS of Europeans to take holidays has nowhere near reached its peak and the number of tourists will continue to increase, according to Professor Rik Medlik in a review of European holiday patterns for the management consultancy Horwath & Horwath (UK).

"In the three mature markets of Western Europe – Britain, France and West Germany – holiday propensities have not reached or even approached ceiling levels so far," Prof. Medlik says.

"In the next few years Britain may expect to return to the peak levels of the late 1970s, and both France and Germany to reach those levels, with over 60 per cent of the population taking at least one long holiday away from home."

Prof Medlik's survey shows that among the 150m Europeans who take holidays each year there are still some national differences. The French holiday more within their own boundaries, the Germans show the greatest determination to go abroad and the British are the most eager to travel great distances.

As the recession has bitten, so the British and Germans have cut back on domestic holidaymaking rather than on foreign travel. French holidays "have been seemingly little affected by the recession."

The biggest European decline in the long-haul market has been the decline in the number of Britons going to the U.S.

The report suggests that British holidaymaking abroad will increase only modestly, indicating a strengthening of domestic business. There will be steady growth in France and high levels of foreign holidays by the Germans.

*Europeans on Holiday, published by Horwath & Horwath (UK), 84 Baker Street, London W1. £10.*

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 10½% | ■ Hill Samuel | §10½% |
| Allied Irish Bank | 10½% | C. Hoare & Co. | †10½% |
| Amro Bank | 10½% | Hongkong & Shanghai | 10½% |
| Henry Ansbacher | 10½% | Kingsnorth Trust Ltd. | 10 % |
| Associates Cap. Corp. | 10½% | Knowsley & Co. Ltd. | 11 % |
| Banco de Bilbao | 10½% | Lloyds Bank | 10½% |
| Bank Hapoalim | 10½% | Mallinhall Limited | 10½% |
| BCCI | 10½% | Edward Manson & Co. | 12 % |
| Bank of Ireland | 10½% | Meghraj and Sons Ltd. | 10½% |
| Bank of Cyprus | 10½% | Midland Bank | 10½% |
| Bank of India | 10½% | ■ Morgan Grenfell | 10½% |
| Bank of Scotland | 10½% | National Bk. of Kuwait | 10½% |
| Banque Belge Ltd. | 10½% | National Girobank | 10½% |
| Barclays Bank | 10½% | National Westminster | 10½% |
| Beneficial Trust Ltd. | 11½% | Norwich Gen. Tst. | 10½% |
| Brit. Bank of Mid. East | 10½% | People's Tst. & Sv. Ltd. | 12 % |
| ■ Brown Shipley | 10½% | R. Raphael & Sons | 10½% |
| CL Bank Nederland | 10½% | P. S. Refson & Co. | 10½% |
| Canada Permn't Trust | 10½% | Roxburghe Guarantee | 11½% |
| Cayzer Ltd. | 10½% | Royal Trust Co. Canada | 10½% |
| Cedar Holdings | 12 % | ■ J Henry Schroder Wagg | 10½% |
| ■ Charterhouse Japhet | 10½% | Standard Chartered | ‡10½% |
| Choulartons | 12½% | Trade Dev. Bank | 10½% |
| Citibank NA | 10½% | TCB | 10½% |
| Citibank Savings | ¶12 % | Trustee Savings Bank | 10½% |
| Clydesdale Bank | 10½% | United Bank of Kuwait | 10½% |
| C. E. Coates & Co. Ltd. | 11½% | United Mizrahi Bank | 10½% |
| Comm. Bk. N. East | 10½% | Volkskas Limited | 10½% |
| Consolidated Credits | 12 % | Westpac Banking Corp. | 10½% |
| Co-operative Bank | *10½% | Whiteaway Laidlaw | 11 % |
| The Cyprus Popular Bk. | 10½% | Williams & Glyn's | 10½% |
| Dunbar & Co. Ltd. | 10½% | Wintrust Secs. Ltd. | 10½% |
| Duncan Lawrie | 10½% | Yorkshire Bank | 10½% |
| E. T. Trust | 11 % | | |
| Exeter Trust Ltd. | 11 % | | |
| First Nat. Fin. Corp. | 14½% | | |
| First Nat. Secs. Ltd. | 13 % | | |
| ■ Robert Fleming & Co. | 10½% | | |
| Robert Fraser | 11 % | | |
| Grindlays Bank | ‡10½% | | |
| ■ Guinness Mahon | 10½% | | |
| ■ Hambros Bank | 10½% | | |
| Heritable & Gen. Trust | 10½% | | |

■ Members of the Accepting Houses Committee.

* 7-day deposits 7.25%. 1-month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000. 12 months 10.00%.

† 7 day deposits on sums of under £10,000 7¼%. £10,000 up to £50,000 8%. £50,000 and over 8¾%.

‡ Call deposits £1,000 and over 7¼%.

§ 21-day deposits over £1,000 8½%. Demand deposits 7¼%.

¶ Mortgage base rate.

# ADR and arbitration in competition

THE ALTERNATIVE dispute resolution (ADR) described in this column last week, has started "an explosion of research and legislative endorsement" in the U.S., according to the American Arbitration Association.

Obviously it has many supporters; it also has critics. At the special session of the International Chamber of Commerce Congress held in Stockholm recently, Mr J Gillis Wetter, a Swedish Solicitor-Royal and the author of a five-volume compendium on The International Arbitral Process, had no doubt that it was a gimmick which could not, and should not, replace the established methods of settling disputes by litigation or arbitration. His arguments were principled, but ADR, while admittedly a second best, may be the right method within the time and budget limits of the parties in dispute.

Mr Wetter said that it was not a proper function of justice to aim at settlements in which parties relinquish their legal rights. If such a surrender of one's rights by a compromise solution was viewed as a desirable, it was a sign that the law – or its procedures – has dismally failed.

"The remedy must be a profound reform of the law or of the judicial system... rather than a search for available optional courses of action for private parties." This sounds very well except that "a profound reform of the law or of the judicial system" takes a very long time.

The frustration of UK business with the judicial procedures available for settlement of disputes has led to the creation of Royal Commissions and committees, but nothing else. Earlier this year the Lord Chancellor appointed a special departmental working party to consider the issues involved. It will report in four years' time. There is no reason to hope that its recommendations will not share the fate of those which were made in the past. There may be some small benefit emerging gradually – perhaps for our grandchildren.

In the meantime, business lawyers will have to devise methods for an easier resolution or settlement of disputes. Mr Wetter is, of course, right when he says that without the possibility of going to courts or obtaining an enforceable arbitration award there would be no inducement to settle.

He is also right in pointing out that some of the publicised mini-trials are, in fact, nothing more than a meeting between two executives flanked by their lawyers to reach a settlement of an old dispute by a compromise. It is, however, also true that the possibility of starting litigation is a deterrent which one must have as a fallback, but which one hopes never to use.

In addition to the mini-trial, in which the executives of the companies in dispute are usually assisted by a neutral chairman or adviser who makes a guess at the probable outcome of litigation and thus provides a guideline for settlement, other ADR methods are being developed, some deviating only very little from conventional litigation.

In this category falls the "rent-a-judge" system made available by legislation adopted, on the model of California, in New York, Oregon, Washington, Nebraska and Rhode Island. In these states parties can jointly ask the court to appoint a referee, possibly of their own choice. With the exception of contempt-of-court sanctions, this referee has the same powers as a trial judge and conducts the proceedings according to normal court procedures. His judgment is appealable or enforceable in the same way as any other.

The parties have to pay the judge, but this is probably more than compensated for by being able to obtain a decision much faster than going to court. They can choose someone with experience in the field who will be able to give to the trial most of his time, instead of restricting the hearing to one day in the week as a busy judge might have to do in order to keep his court open to other petitioners.

It has been estimated that U.S. corporations spend about £80bn a year on litigation including the pre-trial procedures. In fact, the pre-trial stage characterised in the U.S. by enormously extensive discovery – obtaining of documents and evidence from the parties, as well as from third parties – may be responsible for a large proportion of the overall costs.

When acting for a big and financially strong client, lawyers will obtain truckloads of documents and hire researchers to go through them with a fine toothcomb, looking not only for evidence in support of claims already made but also for material serving as the basis for further complaints. The ADR Service of the Federal Bar Council, initiated in 1982, is a reaction to this particular problem.

In using the Federal Bar Council's scheme, the parties agree on an experienced trial lawyer to serve either as "special council" – a mediator – or as "adjudicator" making an award on the merits of the case. They agree on a fixed time schedule and on the fee to be paid to the lawyer. Whether acting as special council or as adjudicator, the lawyer appointed by the parties has complete control over the procedure. It is understood that he will not adopt the conventional U.S. adversary procedures with their discovery clashes and numerous interlocutory motions and other diversions.

This lawyer's role has been likened to that of an investigating magistrate in civil law jurisdictions. This analogy limps somewhat as the investigating magistrate appears only in criminal prosecutions. The scheme is evidently capable of tempering the adversary habits of U.S. lawyers, however, by giving greater judicial control over the proceedings to the person called on to decide.

Mr Wetter is clearly not much impressed by the various ADR schemes. He prefers, on the international level at least, arbitration.

It is also true, however, as pointed out by Professor Clive M. Schmitthoff† that English arbitrators, like English courts (and Belgian or French courts), have no power to adapt a long-term contract to changed circumstances, unforeseen by the parties. Unless the contract contains a "hardship clause," or gives to a third party the power to develop the contract fairly to both sides, either by recommendations or in a binding fashion, a settlement by negotiation or with the help of an ADR procedure will be the only commercial possibility.

In the end, Mr Wetter unwittingly provides the strongest argument for ADR. Although he rejects mediation and conciliation, he claims never to have seen a business dispute which could not be intelligently resolved by businessmen, assisted by able counsel on both sides.

"The business executive knows the economic and psychological problems, grasp the immediate and future financial impact of decisions... capable counsel appraise the technical, legal and procedural risks... As a team, the executives and their counsel see the total reality." Well, what else are ADR schemes but the encouragement and facilitation of such teamwork?

**A. H. Hermann, Legal Correspondent**

*†Schmitthoff's Export Trade, 7th ed., 1980, p. 458, and by the same author "Hardship and Intervener Clauses" in the Journal of Business Law (1980), pp 85-84.*



# European groups face U.S. contract resistance

BY LYNTON McLAIN IN LONDON

THE U.S. Department of Defence and the U.S. Congress have little interest in large defence products for which U.S. companies are not prime contractors, according to Mr Robert C. Little, vice-president of McDonnell Douglas Corporation.

In a paper on military aircraft and international collaboration delivered in London yesterday at the FT Conference on World Aerospace: After the Recession, Mr Little said he recognised the difficulties that such a stance by the U.S. posed for European aerospace manufacturers.

The U.S. "likes selling to our European allies and the loss of our access to the European market would, in our eyes, be nothing less than an appalling development," he said.

"But we know that Europe wants a meaningful piece of the action, in participation in the development of new techniques in manufacturing and in the benefits that come with meeting the needs of customers in the free world."

Sikorsky Aircraft, the U.S. helicopter manufacturer, which is facing growing competition from Europe, "recognises the strengths of the relationships between Westland, the UK helicopter company, and Agusta, the Italian helicopter company, on the EH-101, and MBB of West Germany, and Aérospatiale of France on the PAH-2," Mr William F. Paul, the president and chief executive officer of United Technologies' Sikorsky Aircraft division, said.

"However, we have to question the long-term viability of a Heli-Europe organisation, which attempts to fill the needs of European markets, while excluding U.S. partners from participation in the effort," Mr Paul said.

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"There is a very real danger that available European funding will be dissipated to duplicate basic technology already available across the Atlantic. A second, perhaps more dangerous, result of a nationalistic policy is the polarisation of the U.S. industry that is bound to occur," he said.

The collaboration between Rolls-Royce, Pratt & Whitney, Japanese industry, MTU of West Germany, and Fiat of Italy in the International Aero Engine V2500 engine project, "reduced research and development costs to the level which enables the engine to be developed," Mr Ralph Robbins, director of Rolls-Royce's civil engine group, said.

"Together, we have produced a specification better than any one company could have done alone."

He pointed out that design programmes in aero-engine manufacture required more than 10,000 times the computer power required only two or three years ago. "Perhaps this is one area where we may be reaching the point of diminishing returns."

Little doubt existed, however, he said that civil aviation was still growing. The forecast average growth of 5 per cent a year in revenue passenger miles for the rest of the century, if achieved, would lead to traffic of three times the present level by the year 2000.

Over the same period "we may expect substantial retirement of aircraft. The factors would lead to a requirement for more than 5,000 new civil aircraft during the next 15 years." Mr Robbins said that requirement was generated two thirds from growth and a third from retirement of old aircraft.

"From the engine manufacturers' point of view, we expect this market to be split into four major thrust categories, considering only the jet aircraft market," Mr Robbins said. The categories were 10,000lbs to 15,000lbs; 20,000lbs to 25,000lbs; 40,000lbs and 50,000lbs or greater.

The large-engine sector, greater than 50,000lbs thrust, represented the largest share of a total market of $50bn of installed engines over the next 15 years.

Air traffic growth in the next 10 years would be at a lower rate than over the past 10 years, but the equipment requirements of airlines would be "enormous," Mr Arthur E. Wegner, the president of Pratt & Whitney, United Technologies Corporation, the U.S. aero-engine manufacturer, said. "World revenue passenger miles in 1994 will be almost 85 per cent greater than last year," he said.

"There has got to be a lot of new aircraft and engines built in the next 10 years to handle this growth. It took 50 years of aviation to get us where we are today. Now we are talking about building the equivalent of 75 per cent of that progress in the next 10 years."

"We are convinced that there will not be three brand new 150-passenger airliners vying for a finite airline market. There will not be three engine manufacturers vying to power the 150-passenger aircraft," he added.

# RAF boosts range capability

THE ROYAL Air Force could deploy the entire 1,600 paratroops of the newly-formed 5th Para Brigade 3,000 miles non-stop with 21 Hercules transport aircraft, 5 air-to-air refuelling TriStar tankers and a complete fighter squadron, Air Marshal Sir Peter Harding, the Vice-Chief of the British Air Staff, said in London at the FT conference yesterday, writes *Lynton McLain*.

"With the demise of many of our worldwide bases, we may need to project military forces both ground and air, rapidly over considerable distances, at the same time avoiding countries which might not give us diplomatic clearance for overflight," he said.

"I see this type of operation becoming increasingly attainable and cost-effective, even global in reach, in the future," he said. Air Marshall Harding is to become the Vice-Chief of the Defence Staff in January, under Mr Michael Heseltine, the UK Defence Secretary's reorganisation scheme.

Air Marshall Harding forecast that the modernisation of the Royal Air Force, with the introduction of the Tornado F2 Interceptor, the Nimrod airborne early warning aircraft and new weapons and radars with a modern command and control system "will transform the air defences of the UK."



## Contracts & Tenders

# MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

## A 'hired hand' on the Mersey

**As Britain's national docks situation becomes ever more confused Ian Hamilton Fazey describes how one dock company was dragged back from the brink of collapse by the efforts and individual style of its current chairman**

ONE OF the basic tenets of James Fitzpatrick's management style is that managers must be accessible. He himself achieved it by getting into the office each day at eight o'clock and declaring open house until nine. In that hour, anyone could pop in and see him, and they did.

He was careful not to give decisions but to use his "listening hour" to find the lie of the land.

He says: "There were no promises made at eight in the morning. You have to take great care not to cut across your own lines and ruin your managerial machinery. But it does help you to ask the right questions and find out if your people have been doing their homework or not listening to the best of the tom-toms."

"Mr Fitz," as he is known by many of the early-bird shop stewards who have bent his ear over the last few years, combined accessibility with acumen and undoubted interpersonal skills to transform labour relations in his company. Despite this earning him the title of "Slippery Jim" among critics of his style, a measure of his success is that, at 54, he has just been promoted from managing director to chairman.

A greater measure, however, is that the organisation concerned is the Mersey Docks and Harbour Company, the chairmanship of which has usually been a cross between a sinecure and an honour. It used to be passed around among the owners of now-defunct or taken-over family shipping companies until the Port of Liverpool went bankrupt in 1970 and Edward Heath's Government put an end to a situation where the customers were in effect running the shop.

The man who swept the old conventions aside was Sir John Cuckney, merchant banker and "company doctor" sent in to sort out why the old dock board had crashed financially and defaulted on its dues to bondholders.

Cuckney, who took over as chairman himself for a couple of years, made only one promotion from the company's existing management team—and that was to appoint Jim Fitzpatrick as director of personnel and labour relations.

Since then Sir John Page, a retired oilman returning to Britain after a lifetime's service abroad, has had two spells as chairman, sandwiching a three-year stint by Sir Arthur Petersen, who was appointed to the job after retiring from the Inner London Education Authority.

### Elevation is a watershed

For what is still Britain's biggest port outside London, Fitzpatrick's elevation is a watershed, not least because he is what the fast-disappearing "gents" of the Merseyside Establishment—descendants of the men who made Liverpool the second city of the British Empire around the turn of the 19th century—still refer to disparagingly in their clubs as a "hired hand."

So how has Fitzpatrick got so far? The process began a long time before he became deputy chief executive to Page in 1975 and managing director two years later.

He joined the old dock board to become a lawyer, doing his articles in the legal department after obtaining a London external law degree. He was 32 when he switched from a potentially comfortable niche on the corporate staff and went into line management, learning his trade in a junior job on the dockside. It was there that he developed his feel for everyday life on the docks.

He could also see the way shipping technology and changing patterns of trade were going to affect the labour force and change the entire regional economy of Merseyside. When he became personnel director at 40 his prime task was to work out a modernisation programme that would lead to massive capital intensification, exploiting change rather than merely being at its mercy.

1973, when two of the three stevedoring companies on the Mersey stopped operating and the dock company suddenly found itself the employer of nearly all the workforce.

At the time the port's labour relations image was appalling, with strikes and wrangles over ships and cargoes common. Fitzpatrick knew from his own experience on the quay that the employer was usually a reluctant, often impotent, pig-in-the-middle between the dockers and the shippers, shipping lines, importers and exporters who comprised the port's customers.

The customers demanded a service; the dockers demanded their wages. The dockers did not feel they were working for the customers, but their employers, who in turn were trying to work for the customers but were only indirectly responsible for delivering the goods. Without the dockers' goodwill, nothing was going to happen.

Fitzpatrick decided to involve the dockers up to their necks. He started bringing them into negotiations with customers, so that they had to make the promises and agree the rates for jobs directly. He took them to places like the Canary Islands, where they discovered that tomatoes were grown by workers' co-operatives, not Spanish grandees; if a cargo perished through being strike-bound other workers' livelihoods were ruined.

He even gave shop stewards business cards to hand out at receptions for customers—some of them abroad. Involvement brought commitment and, slowly, things began to change.

Understanding the market also led to an understanding of why the port needed to modernise in order to stay competitive and survive. Bulk terminals for containers, grain, meat and timber had to be developed to run with as much capital equipment and as little labour as possible, whatever the effect on Merseyside's dole queues. For without a viable port, Merseyside's plight would be even more parlous than it is already.

The results are in the figures: 8,500 dockers in 1970; 1,400 now with another 300 to go in the next few months. This was by consent, with not a single day lost on the modernisation issue in a 12-year programme. More important, though, given the political complexion of the Government, is that in 1983 Mersey Docks achieved a £21.1m turnround to make £7.5m profit.

Local stockbroker Tilney & Co, speaking before July's dock strike, expressed the view that this would be no flash in the pan, with similar figures likely for this year if management could negotiate another two-year pay deal with the workforce. Something between a shudder and a wince afflicts Fitzpatrick when the Tilney forecast is put to him: he points to dependence on long-haul bulk trade and world economic factors, such as U.S. interest rates, over which he has no control.

Long term, however, the market should take heed of where Fitzpatrick says the Port of Liverpool is going. This is because he predicts that Mersey Docks will not have paid back its loan stock until the end of the decade. Until this is cleared —and £14.2m remain (29p on the pound has been redeemed so far)—dividends will not be paid.

Repayment of loan stock is by two routes—either from sale of land owned by the company or from the first £1m of operating profits if liquid assets exceed £5m and profits £250,000. The Merseyside Development Corporation has been the main buyer of land so far, purchasing the disused south docks for industrial development.

Fitzpatrick is going to get the newly disused areas ready for development and/or possible sale as soon as practicable. At the same time, any economic recovery, plus the new freeport status if it is marketed correctly, should boost profitability. These factors should make Mersey Docks a good long term stock to hold.

For "Mr Fitz," it will have been a 20-year haul through the prime of his life and career. For managerial "hired hands" everywhere, it will be a veritable shot in the arm.

Mike Arron

James Fitzpatrick: used his "listening hour" to find the lie of the land

Management succession

## How to achieve transition in family businesses

IF FOUNDERS of companies fail to lay the foundations for management succession and eventually withdraw from active involvement in their companies they run a risk of seriously prejudicing their future growth.

This is the message that comes across from a survey* of major family-controlled businesses in the U.S., Europe and Latin America. The "moment of truth" for owner-operated companies is the "orderly transfer of management power from founders to professional, competent, successors who may or may not be members of the family," says the survey by The Conference Board, an independent, New York-based research organisation.

The study reported that those companies—whose sales averaged over $100m a year, and with some exceeding $1bn—where an "effective disengagement" had been achieved were marked out by four factors:

1—Control had been relinquished by founders when they were still in full command of their abilities and able to lend support and advice to new management;

2—The founders' withdrawal from active management had been final, leaving no doubt among employees, customers and suppliers that they were stepping down;

3—The founders had committed themselves publicly to an orderly succession;

4—The founders had supervised a formal announcement detailing principles regarding management objectives, policies, strategies and accountability.

The Conference Board suggests that the transition from "rule to reign" typically involves two distinct career shifts for the founders. First, the delegation of operational tasks to others and a focusing on specific aspects of the business where they have special skills and interests (such as involvement in the creation of new products or the pursuit of mergers). Second, the withdrawal from day-to-day management and a concentration on reviewing important company decisions and an overseeing of overall company performance.

The study also looked at the question of how a founder's heirs should best be absorbed into a company—and notes that management changes can generate "highly emotional conflict" in some business families.

When heirs enter a family business, three strategic steps are recommended.

First, a clear-cut demarcation should be made between family or ownership roles and business or managerial roles.

Second, all heirs who move into responsible positions should undergo rigorous training. The study cites a Belgian company where family members are required to learn four languages, earn business and engineering degrees and, if possible, gain working experience in the U.S. before joining the family company. "Inheritors, by definition, achieve their positions through birth; they do not earn them through merit. But heirs can acquire legitimacy through achievements in other institutions, where they must compete on an equal basis with many individuals."

The third step, says the Conference Board, is to provide an effective support system to deal with family members who are not equipped to carry out responsibilities in the company.

Founders of businesses, says the study, appear to agree on one pragmatic guideline: it is necessary to have heirs, but not too many. "To perpetuate family control of a company, heirs are needed to inherit the business, but not so many as to dilute and ultimately paralyse their ability to manage."

**From owner to professional management: problems in transition. Report 851 available from The Conference Board in Europe, 207, Avenue Louise, bte 5.5-1050 Brussels.*

## Management abstracts

Brand profiling. A. Carl-Zeep in Absatzwirtschaft (Fed Rep of Germany) March 1984 in German, English version available

Reports the findings of a research association which, by interviewing consumers apropos their recall of brand characteristics featured in publicity, comes to a number of conclusions, eg, that if brands are not sufficiently distinguished, publicity costs may simply boost the market leader's sales.

The director as a cultivator of management. M. L. Weidenbaum in Directors and Boards (U.S.), Winter 1984

An "outside" director discusses his role and his attitudes towards management, maintaining that representing shareholders is the primary function of independent directors; suggests criteria of true independence, and offers advice to new appointees, especially as to tactics they should employ to ensure that management heeds their guidance.

Risk management. R. D. Dillon and others in Journal of Accountancy (U.S.), February 1984. K. Kakacek in CA Magazine (Canada), March 1984

Discusses areas in which organisations should assess risk, advocating the design of suitable information systems and developing attitudes of mind; concludes by suggesting that accountants should pay more attention to risk management which can reduce loss and/or the cost of insurance.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

# TECHNOLOGY

EDITED BY ALAN CANE

CABLE TELEVISION AND DIRECT BROADCAST SATELLITE WILL BRING A HOST OF DOMESTIC INFORMATION SERVICES

## Japan prepares for a revolution in the home

BY ALAN CANE

"NEW MEDIA" is the current buzz word in Japan; "OA" (office automation) has been bypassed as the Japanese electronics industry prepares for a service economy based on home banking, home shopping, videotext information services, advanced telecommunications services and local community cable.

This is the thrust of a new report* from Alex Stewart of Baring Far East Securities. He warns that a head of steam is building up around home technology in Japan which is likely to blow in two or three years' time: "There is nothing ad hoc about the Japanese approach and nobody there is standing idly by."

So what do the Japanese mean by "new media"? Cable will be the transport medium, videotex and teletext the methods of delivering information to the home, modems and television printers will allow videotex users to communicate over the telephone lines and print out hard copy.

### Interactive home systems are tied together by four key technologies

It also includes home facsimile equipment, direct broadcast satellite, high definition television and videodisc.

At the domestic end of these new media are what Mr Stewart describes as "interactive home systems" (IHS), low cost terminals which communicate and process data and which can be linked to other equipment like displays, storage devices and entertainment systems.

Interactive home systems are based on almost two dozen separate disciplines tied together by four key technologies: processing, man-machine interface, storage and display. Mr Stewart's report is chiefly concerned with how the Japanese are strengthening their hand at the leading edge of each of those areas.

● Processing

Last October, the majority of the Japanese electronics companies adopted a standard—the MSX standard—for 8-bit home computers proposed by Microsoft of the U.S. through its Japanese distribution agent Ascii. The report sees this as a very significant development: "A common standard was readily accepted because it promised to generate software in sufficient amounts to support a low priced mass production machine."

The report goes on: "With the adoption of a common standard, the implications for competitors in markets overseas is potentially immense.

"Hitherto, Japanese companies, with the exception of Sharp, NEC and Sord, posed little threat. Now, however, they will be able to operate from a much stronger domestic market and with an invigorated software industry to support them."

Mr Stewart, therefore, takes a much more serious view of the threat posed by the MSX standard than most Western microcomputer manufacturers who have discounted it as lacking innovation and excitement.

● Man-made interface

The "mouse," pioneered by Xerox and now offered by a number of companies including Apple and Microsoft together with "iconic" displays (small pictures on the screen representing commands) is the leading edge of man-machine interface technology.

Sharp is the first company in Japan to sell a mouse-controlled microcomputer which also features "windowing" software —software which enables the user to divide the screen into several sections and carry out different activities simultaneously in each sector.

The Japanese are also developing "touch screen" technology of the kind popularised by Hewlett-Packard with its HP150 personal computer. Casio, for example, has developed a calculator watch using what it calls its "finger trace recognition system." The watch face is able to interpret the movements of a finger tracing alphabetic characters, numbers and calculation symbols on the watch; then store and process the input using a 48 character read only memory and processor: "It hints" the report notes, "at a future for such portable devices as the wrist watch telephone whose face would serve both as a dialler and a display."

● Storage

Mass storage for computing applications is evolving from conventional magnetic media to video disk technology where a laser beam is used to "write" a pattern of binary digits into the metal-covered surface of a storage disk.

The report notes that disk will come into its own when hybrid systems are marketed which can handle video images, digital audio sound and optically encoded data.

At present they are also limited by the fact that they cannot be recorded and erased: "Once this hurdle has been cleared, disk should begin to replace tape as the best integrated medium for an interactive home system."

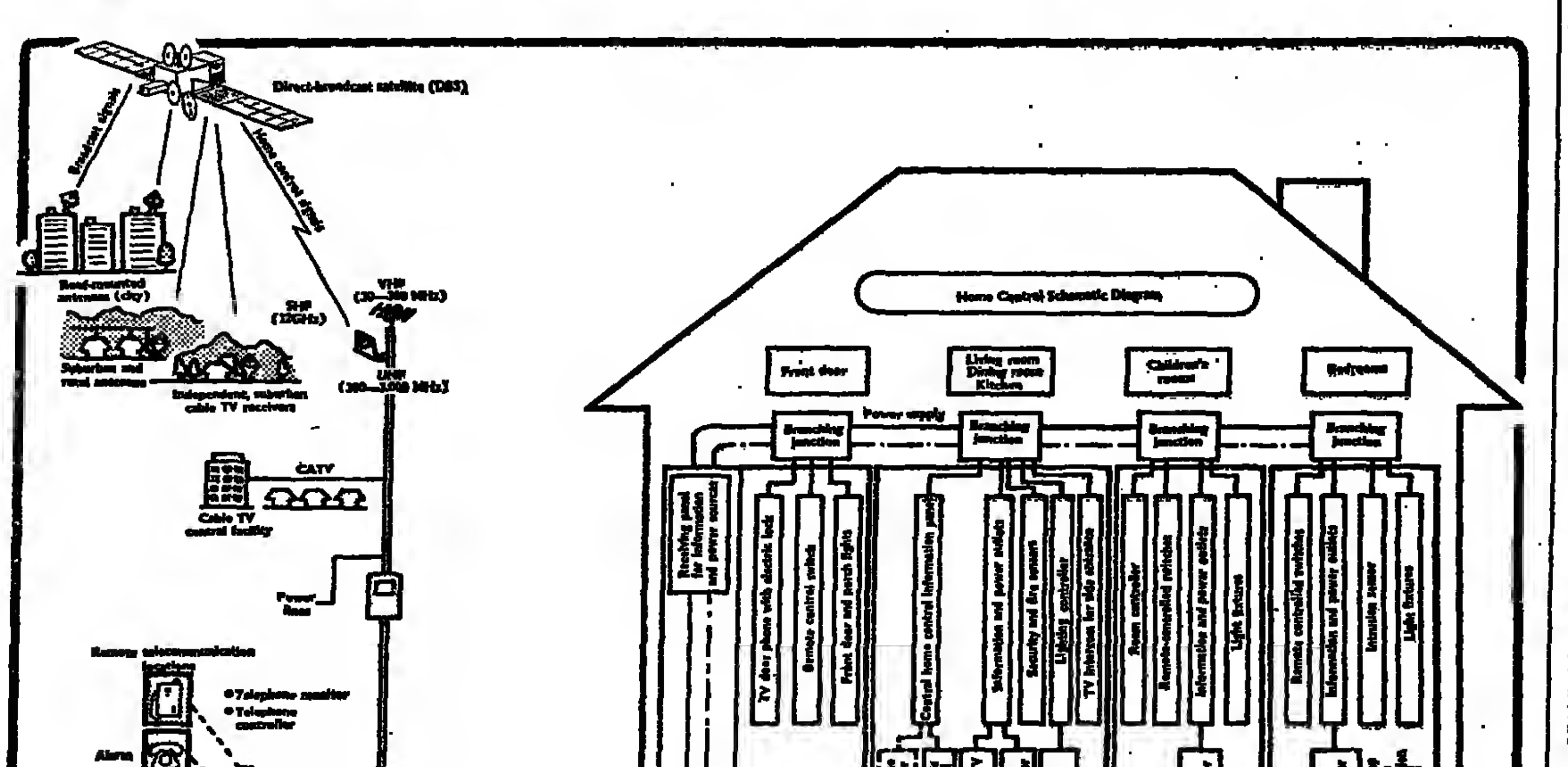
A display technology which could replace the conventional cathode ray tube (CRT) would become a multi-billion dollar industry, the report argues, while pointing out that there is plenty of life in the old tube yet.

Flat CRTs of the kind pioneered by Sinclair and Sony have excellent prospects, it suggests, pointing to the "Colour Rear Projection TV" marketed by Matsushita. It uses a 1.5 inch colour picture tube which projects the picture onto a six inch screen which can be snapped into a fold-away case.

Mr Stewart chooses six Japanese companies working towards integrated home systems that meet his investment criteria.

They are Sony for its technology, Matsushita for its marketing power ("IBM-like dedication," he says), Toshiba because it is well rated in all the IHS technologies, Pioneer because of its skills in video, Fujitsu, the silicon specialist and Nippon Gakki for software skills and its ability to find novel consumer applications for its chip expertise.

**Interactive Home Systems, Baring Far East Securities, 1984.*




Almost every aspect of the house can be linked into a computer system. Sensors in the home can warn of household disasters such as fire, control room temperatures and lighting levels. But services via cable and satellite can bring a host of electronic services to any home

Measurement

### Quality inspection control

THE PROBLEM of dealing with streams of readings from hand-held micrometers and calipers in inspection and quality control departments is made much easier with the Cadar system from Moore and Wright.

The company's electronic micrometer Micro 2000 or the K3000 caliper are connected via an interface box to an Apple 2E microcomputer with two disc drives, complete with Epson FX80 computer.

Cadar allows batch sorting by intelligent display, with visual indication of high and low deviations from a set tolerance. Readings can be instantly converted from millimetres to inches and a "mini-maxi" facility records highest and lowest readings in a batch. All the readings are stored and can be retrieved or printed on demand.

Each reading as it is taken is enlarged for easy viewing on the screen. Standard deviation, control charts, distribution histograms and similar data can all be displayed and printed out. The system is available from Neill Tools, Sheffield (0742 71281).

Automation

### Guided vehicles

THE AUSTIN-ROVER Group has opted for an automated guided vehicle system instead of conventional conveyors at its new Rover 200 production line at Longbridge.

Six microprocessor-controlled car body transporters have been installed by Wagner Indumat Systems

The AGVs carry body shells from the end of the robot welding line to a 610 metre finishing track. The vehicles are guided by a magnetic-field generated by a wire buried in a shallow groove in the floor.

In addition, bodies are delivered and retrieved from a buffer store as necessary to maintain production and assembly rates. The whole operation is controlled centrally.



Accounting

### Financial controls

CYBERSOFT has launched a business system costing £800 which includes accounting, financial reporting, spreadsheet forecasting, job costing, stock control, modelling and payroll functions.

The "Accountant" software uses artificial intelligence techniques and is aimed at a range of small businesses. It runs on the Apple range of microcomputers and has a capacity of 1,000 accounts. More details from Cybersoft Intelligent Systems in Canterbury on 0227 60456.

Vending

### Checking banknotes

LANDIS & GYR has developed a banknote verifying system for incorporation into vending machines that accept relatively large sums of money, such as ticket vending devices at railway stations.

Called the SN3, the system deploys a colour testing unit that is able to inspect a wide variety of banknotes of various sizes and dimensions. It shines light of selected colours on to specific areas of the note and checks the parameters of the reflected energy.

The machine accepts notes one by one to a value determined by the vending portion of the system. It then holds the total transaction of banknotes in an intermediate store unless it detects a bad note, in which case the vending unit is alerted. A near 100 per cent acceptance rate for genuine notes is claimed.

The notes subsequently are transferred to a locked cash box, or can be returned to the customer if he aborts the transaction.

Trouble free transport even of worn or crumpled notes is ensured by means of a newly developed belt transport system. More on 01-992 5311.

# THE PROPERTY MARKET BY MICHAEL CASSELL

# Patiently waiting for a real revival

IF 1984 IS TO BE the year when UK property investment shrugs off its tarnished image and regains some of its old glamour, then the next four months will need to be as spectacular as the last few have been soporific. The chances of that happening would appear to be as remote as a reverse takeover of Land Securities by Ronnie Lyon.

For although property's performance has recently been improving (in its own right as well as in relation to other investment options) it is proving to be a very half-hearted affair; there remain few grounds for believing that the sector is developing characteristics likely to spark off a widespread return of confidence and cash.

Direct investment activity, as the FT-RICS poll illustrated last week, remains cautious and increasingly selective, with those investors in the market chasing a narrowly defined range of property (including some secondary opportunities) and driving down yields to levels which, in the eyes of an innocent, appear unrealistic.

With retail yields reportedly down to 3¾ per cent, the shops sector remains the undisputed darling of the property market, though whether or not its popularity stems from its inherent attractions or rather the bleak prospects held out elsewhere is far from clear. If shop rentals have found it tough going during one of the biggest retail booms of recent years, who is to say when the rush to shovel up shops into the portfolio will pay off?

Transactions at current levels are clearly carried out on assumptions of future growth, themselves based on historical performance. When the growth arrives, so will the justification for such low initial returns; if it fails to materialise, then there will be no shortage of awkward questions.

It is something of an irony that, having been instrumental in driving down yields to such low levels, the institutions are increasingly faced with the prospect of financing new building as the only way to generate the level of return they require from properties of suitable quality.

Colin Vaughan, a partner at Debenham Tewson & Chinnocks, the surveyors, has been looking at changes in the investment market and points out that investment in new buildings grew from 34 per cent of the institutions' direct investment in UK property during 1979 to 50 per cent by the first half of last year.

## Domination

The process is likely to have gathered pace since and it follows that institutional domination of the market will, if anything, intensify.

Vaughan says the tendency for pension funds and insurance companies to "do their own thing" would appear to put the traditional developer at an increasing disadvantage "unless there is an acceptance of the role of project manager rather than of risk taker."

The funds, of course, are well aware that investment in new buildings is a much more risky business than the buying of completed properties, but where they are large enough to take on the additional risk, funding can provide a significantly higher return. Vaughan adds: "It remains to be seen whether the institutions will really have the stomach to take the high level of risk in development in anything other than a firm upward trending market."

"Upward trending" the current market may well be, though it can hardly be described as universaly firm. No one is underestimating the importance of the London property market and its significance as an indicator of what might lie ahead elsewhere, but even here the "revival" is patchy and the type of rental growth so far achieved is well below the levels required to overcome the recent bout of prolonged stagnation. As for the rest of the country, it still seems to be politely ignored in any dissertation about a property market recovery.

The latest indices on the market's performance come from Jones Lang Wootton, who report a more encouraging performance for both rental and capital growth, with the latter making most of the running.

The JLW property index of overall performance was up by 8.8 per cent in the year to June (compared to about 2½ per cent in the previous year). The agents say the growth reflects a continued improvement in letting and investment markets and is in contrast to comparable indices on returns for equities and gilts, both of which fell in the second quarter of 1984.

In detail, the estimated rental value for shops in the year to June rose by 5.3 per cent, with the JLW portfolio yield running at 4.3 per cent. The offices sector managed a 2 per cent rental rise and was showing an average 6.3 per cent yield while rental values for industrial space moved forward by 1.7 per cent, with a marginal weakening in the sector yield to 9.3 per cent.

## Low return

The returns are hardly sparkling and JLW revives the "balanced portfolio" argument to promote property as an investment option. They point out that gilt and equity markets can fluctuate sharply as they react to short-term changes in interest rates and confidence and point to property as a way of minimising "the overall volatility of returns."

The agents add: "As gilts and equities have tended to move in tandem it is necessary to include in the portfolio an investment which will not be subject to the same short term movements. Direct property investment without the gearing prevalent in equities and the price sensitivity to interest rates inherent in fixed interest stock is a useful component."

It is a ritual response which merely serves to underline the scarcity of more positive characteristics in the market place.

It is clearly stil hard for the property practitioners to be bullish about their stock-in-trade and the share market now appears to believe that, for the time being, prices have gone quite high enough.

As Scrimgeour, Kemp-Gee, the stockbrokers, pointed out this week, the sector has developed something of a block against moving below a 20 per cent average discount. According to their calculations, a historic low of 10-12 per cent in 1979 proves that 20 per cent is not a concrete barier when the market expects significant growth in asset values.

But things were different then, with high demand pushing up most rents and capital values and with net asset values rising by an average 30 per cent-plus in just 12 months. Now, there is no impression of an impending boom and any repeat performance of the asset value growht of five years ago looks remote. But then, in property, patience can be a necessity as well as a virtue.

● Silverstein Properties, the Manhattan-based developer, has paid $20m for the entire block bounded by 41st and 42nd Street from 11th to 12th Avenues. Silverstein intends to develop up to 2m sq ft of mixed-use space on the 160,000 sq ft site.

# A Liverpool hit for Royal Life

ROYAL LIFE has wasted no time in finding tenants for all 30 shop units in its Cavern Walk development in Liverpool.

The £9m scheme is on the site of the former Cavern Club in Mathew Street, birthplace of the Beatles, and has already been dubbed a tourist attraction by the English tourist board.

St Quintin have signed up a long list of local and national tenants, including Benetton, Next and Laura Ashley. The total initial rent roll is over £200,000 a year. The agents say the lettings have been achieved rapidly and involve top quality covenants in a development which has provided Liverpool with a new retail heart.

Cavern Walks has sparked off a localised regeneration which, so far, has seen the opening of two public houses, three restaurants, four boutiques, a craft centre and a dance studio.

St Quintin and local agents H.H. and J. Robinson are seeking tenants for the 72,000 sq ft office building above the shopping centre and want £400,000 a year in rent. Given the state of the provincial office market, this particular element of the development may prove somewhat harder to fill.

● National Freight Consortium pension fund is to forward fund a 20,000 sq ft office scheme in South Street, Dorking. The £2¼m scheme should be complete next summer. Strutt and Parker are letting agents

# Sale paves way for City offices plan

LONDON & METROPOLITAN Estates has applied for planning permission to develop 260,000 sq ft of offices on the site of the former Britannic House North complex in the City of London.

London & Metropolitan, the joint development company owned by London & Edinburgh Trust and Balfour Beatty, confirmed this week that it is paying £20.5m for the freehold of the former British Petroleum building in Ropemaker Street EC2, conditional upon receiving planning consent. The vendor is Baranquilla Investments, part of the Grenada Group. Healey & Baker and Baker Harris Saunders acted for Baranquilla and Hillier Parker represented L & M. The development should be completed in early 1987.

● Prudential Assurance is to spend £5m on modernising its Uxbridge town centre shopping development, following last year's £14m purchase of a 150 year lease on the scheme. Work should be completed by October 1985.

● Bradbury Wilkinson, the security printers, are to develop a new head office building for their banknote division at New Malden, Surrey. The company is selling the headquarters site to Trafalgar House and leasing back 2.6 acres of the land, which will accommodate the new 42,000 sq ft building.

● Amalgamated Developers (Projects) is to redevelop Dover's historic Market Square at a cost of £15m. The scheme will include 140,000 sq ft of shopping space in a covered mall, car parking and a refurbishment of the old Market Hall facade. Work should be complete in late 1986.

● After seven years of negotiations, C & A has purchased a new store site in Bordeaux, south west France. The fashion chain had to wait until the existing occupiers, a newspaper group, could vacate the premises at Rue Porte Dijeaux and now plans to construct a 54,000 sq ft department store. C & A, who were represented by Edward Erdman, paid just over £500,000 for the site.

● The NAAFI pension fund has let its new 6,000 sq ft office building at Penrhyn Road, Kingston, to Surrey County Council at a rent of £8.85 a sq ft. Lambert Smith and Bonsor Penningtons were agents.

● Imry Property Holdings has let its 13,000 sq ft office development at 267 Gray's Inn Road, London, to the borough of Camden. Collins Velleman and Druce were asking £130,000 a year rent and the tenants were introduced by D. E. and J. Levy.



*Company Notices*

U.S.$100,000,000 of which U.S.$40,000,000 has been issued as a Subsequent Tranche

OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT

Guaranteed Floating Rate Deposit Notes Due 1987

Guaranteed by THE REPUBLIC OF AUSTRIA

Arrangements have been completed for the issue by Oesterreichische Kontrollbank Aktiengesellschaft of U.S.$40,000,000 aggregate principal amount of Deposit Notes Due 1987 as a subsequent Tranche of its U.S.$100,000,000 Guaranteed Floating Rate Deposit Notes Due 1987. Deposit Notes of this subsequent Tranche contain the same terms and conditions as, and rank in all respects pari passu with, the Deposit Notes of the initial Tranche of U.S.$60,000,000 issued on 26th February, 1982. Particulars of the Deposit Notes are available in the Extel Statistical Service. This subsequent Tranche has been admitted to the Official List by the Council of The Stock Exchange.

Orion Royal Bank Limited Agent Bank

31st August, 1984.

PRIVREDNA BANKA ZAGREB

U.S.$50,000,000 FLOATING RATE NOTE DUE 1986 ("THE NOTES")

Credit Lyonnais, as fiscal agent in respect of the Notes, is now in receipt of funds in respect of:

(i) the principal due for redemption of the Notes the serial numbers of which were published on 25th May 1984, and which remain outstanding, the due date for redemption was 28th June 1984;

(ii) the interest due on overdue principal on such notes from 28th June 1984 to 31st August 1984.

Payment of the above amounts is now available to holders of notes in accordance with their respective rights at the offices of the paying agents in respect of the notes.

CREDIT LYONNAIS Fiscal Agent

26A Boulevard Royal, Luxembourg.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.

10½% Debenture Stock 1989-91

NOTICE IS HEREBY GIVEN that the REGISTERS of the CORPORATION'S above-mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 17th to 28th September, both days inclusive.

By Order of the Board H. J. McTURK, Secretary

48, Palmerston Place Edinburgh EH12 5BQ

31st August 1984

NOTICE TO HOLDERS OF NOTES OF THE ISSUE 8¼% 1977/1989 OF U.S.$30,000,000 MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of Notes amounting to U.S.$3,000,000 has been purchased for redemption on October 1, 1984.

Amount outstanding on and after October 1, 1984: U.S.$8,000,000.

THE GENERAL ELECTRIC COMPANY P.L.C.

8% UNSECURED LOAN STOCK 1979/84

The Register of Stockholders of The General Electric Company, p.l.c. 8% Unsecured Loan Stock 1979/84 will be closed from the 7th September 1984 to the 29th September, 1984, both days inclusive, for the preparation of interest and capital repayment warrants dated the 29th September, 1984.

By order of the Board, J. H. CHAPLIN, Secretary.

*Company Notice*

**Offer to shareholders of unrestricted ASEA "A" shares**

The 1984 Annual Meeting of ASEA AB approved a resolution that shareholders of unrestricted "A" shares should be offered the right to exchange these shares for unrestricted "B" shares.

Shareholders wishing to take up this offer shall submit between September 1 and October 31, 1984 to one of the offices of Skandinaviska Enskilda Banken their share warrants for unrestricted "A" shares and a filled-in application according to the form sent separately. The Bank will then issue a receipt for the shares received. After the necessary processing time at the Bank and the Swedish Securities Register Center (VPC), share warrants will be issued for the same number of unrestricted "B" shares, on surrender of the Bank's receipt.

Shareholders living outside Sweden may send their share warrants either direct to Skandinaviska Enskilda Banken in Stockholm or via one of the following banks, for transfer to the Swedish Bank:

United States: Citibank NA, PO Box 4683, New York, NY 10043

Great Britain: Enskilda Securities, Skandinaviska Enskilda Limited, 26 Finsbury Square, London EC2A 1DS

In connection with this exchange shareholders in the United States may convert their "B" shares to ADRs with the assistance of Citibank.

ASEA AB The Board

Västeras, August, 1984

THE REPUBLIC OF PANAMA

UA 20,000,000

8¼% 1978/1993 BONDS

NOTICE IS HEREBY GIVEN to Bondholders of the above mentioned loan that the principal amount redeemable on October 2, 1984, i.e. UA 1,000,000, has been bought in the market by the Republic.

Amount outstanding: UA 19,000,000.

Fiscal Agent KREDIETBANK S.A. LUXEMBOURGEOISE

Luxembourg, August 31, 1984.

*Legal Notices*

SENNAH RUBBER COMPANY PLC

NOTICE IS HEREBY GIVEN that the Sixty-Seventh Annual Ordinary General Meeting of the company will be held at Avenue Guillaume, 4, Luxembourg, on Tuesday 25th September 1984, at 12.00 noon to receive the Directors' Report and the Accounts for the year ended 31st December 1983; to declare a Dividend; to elect Directors; to appoint Auditors and to fix their remuneration; and for the transaction of any other ordinary business of the company.

The Dividend recommended by the Board is of 35p per £1 share (gross) and, if approved at the Annual General Meeting, will be payable on 3rd October 1984 to members on the register at 3.00 pm on 7th September 1984.

Coupons No. 32 from share warrants to bearer must be presented through an Authorised Depositary, to the London Paying Agents, Standard Chartered Bank plc, Current Accounts/Securities Department, 4 Crosby Square, London EC3A 6SB, for payment on or after 3rd October 1984, allowing three clear working days for checking. Coupons must be summarised on special forms which can be obtained in advance from the bank. If dividends are being claimed from the London Paying Agents without deduction of United Kingdom tax for non-residents, the coupons must be accompanied by affidavits.

By Order of the Board, INDUSTRIAL AND FINANCIAL SECRETARIAT LTD. Secretaries.

48 Bedford Row, London, W.C.1.

In order to be entitled to attend and vote at this Meeting, holders of Share Warrants to Bearer must deposit their Share Warrants not later than 18th September 1984 at the Registered Office of the Company, 48 Bedford Row, London WC1R 4LJ.

Every member entitled to attend and vote at the above mentioned Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and any such proxy need not also be a Member of the Company.

*Contracts and Tenders*

INVITATION FOR PREQUALIFICATION

TORC

**THE THAI OIL REFINERY COMPANY LIMITED SECOND EXPANSION PROJECT**

The Thai Oil Refinery Company Limited (TORC) is expanding its refinery at Sriracha, Thailand, by the addition of new process units (including a hydro-cracker), offsites, utilities and revamp of existing plant.

TORC wishes to establish the interest and capabilities of international contractors in undertaking this major project. The contractor's scope will include detailed engineering, material supply and construction on a lump sum basis. The contractor will also be required to arrange the finance.

A package containing prequalification requirements and information on the project will be available to enable contractors to prepare preliminary proposals for undertaking this work. Contractors who are interested in undertaking this project and in receiving instructions on how to receive the prequalification package are invited to contact TORC by telex (telex nos. 82695, 84095 TORCTH) for the attention of Director General Manager with copy to Project Managing Contractor, Foster Wheeler in UK (telex 849171 FWRDG) for the attention of Mr T. W. B. Waugh, Project Director.

Before receipt of the praqualification package contractors will be required to giva a confidentiality undertaking. There also will be a non-refundable charge of US$5,000 for the prequalification package.

**Interested contractors should respond to this advertisement by 5th September 1984 to facilitate the issue of the prequalification package.**

The Thai Oil Refinery Company Limited, Sarasin Building, 6th Floor, 14 Surasak Road, Bangkok, THAILAND

Companhia Vale do Rio Doce

**COMPANHIA VALE DO RIO DOCE**

BRAZIL

CARAJAS IRON ORE PROJECT

INVITATION TO BID

No. CA-028

DIESEL-ELECTRIC OFF-HIGHWAY TRUCKS

CVRD — Companhia Vale do Rio Doce will purchase 17 Diesel-Electric Off-Highway Trucks, having 170 short tons of hauling capacity, through International Competitive Bidding.

CVRD received a loan from the International Bank for Reconstruction and Development (World Bank), towards the cost of Carajas Iron Ore Project and intends to apply the proceeds of this loan to eligible payments under the Contract for which this Invitation to Bid is issued.

Participation in this Bid is limited to Suppliers established in all member countries of the World Bank, as well as in Taiwan and Switzerland.

The instructions, specifications and forms which comprise the Bidding Documents will be available upon a non-refundable payment of US$100 (one hundred dollars) or the equivalent in other countries, at the following address:

COMPANHIA VALE DO RIO DOCE
Superintendência de Compras e Material — SUMAT
Rua Santa Luzia, 651 — 31° andar
CEP.: 20030 — Rio de Janeiro — RJ
Brasil
Telex (021) 23205, (021) 21975

Sealed Bids will be received at the above mentioned address, until October 30, 1984 at 2.00 pm, Rio de Janeiro time.

Each Bid shall be accompanied by a Bid Bond for the amount of US$400,000 (four hundred thousand dollars) or the equivalent in other currencies.

Rio de Janeiro, August 31, 1984.

PURCHASES AND MATERIAL SUPERINTENDENCY

# THE ARTS

## Arts Week

| F | S | Su | M | Tu | W | Th |
|---|---|---|---|---|---|---|
| 31 | 1 | 2 | 3 | 4 | 5 | 6 |

## Theatre

#### WASHINGTON

**Master Class** (Eisenhower): David Pownall's thoughts on tyranny and artistic freedom as filtered through the gauze of Stalinist Russia starts its American run at the Kennedy Center. Ends Oct 20. (254 3670).

**Quilters** (Terrace): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damashek's musical arrives in Washington between its modest origins in Denver and its ambitions for New York in autumn. Ends Sept 16. Kennedy Center.

**Woza Albert!** (Kreeger): The jumbo jet arrival of the Lord into Johannesburg is the implausible context in which two remarkable actors, Percy Mtwa and Mbongeni Ngema, reveal what looks like the whole gamut of the sad, funny and pathetic life of South African blacks. Ends Oct 7. Arena Stage (488 3300).

**Zorba** (Opera House): Anthony Quinn makes the theatrical production, which co-stars Lila Kordova and gets a rousing lift from the bouzouki score by John Kander and Fred Ebb, directed by the film's director, Michael Cacoyannis. Ends Oct 14. Kennedy Center (254 3770).

#### NEW YORK

**Romeo and Juliet**: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic. (977 6810).

**Sunday in the Park with George** (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**Torch Song Trilogy** (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

**Dreamgirls** (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

**Nine** (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

**On Your Toes** (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

#### TOKYO

**Cats** (Cats Theatre): The special tent theatre, excellent set, good dancing and *Kabuki*-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (320 1001).

#### LONDON

**Little Shop of Horrors** (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

**Pack of Lies** (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

**The Real Thing** (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

**Daisy Pulls It Off** (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

**Noises Off** (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

**Measure for Measure** (Barbican): Juliet Stevenson as Isabell confirms her promise as the RSC's brightest young actress, a worthly successor to Ashcroft and Dench, in Adrian Noble's resplendent production. (628 8795).

**West Side Story** (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 6606).

**Wild Honey** (Lyttelton): Michael Frayn has reworked Chekhov's first play, usually known as Platonov, into an engagingly hilarious farce. This superb dramaturgical feat has Ian McKellen giving a brilliant performance at its centre and a shimmering design by John Gunter. The superb direction is by Christopher Morahan. (928 2252).

**On Your Toes** (Palace): Rodgers and Hart's 1936 musical is a genuine tonic with Makarova lifting her heels behind her ears and finding a brilliant opposite number in Tim Flavin. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

## Opera and Ballet

#### LONDON

**English National Opera**, Coliseum: The opening performances of the ENO season are given over to revivals of The Flying Dutchman (in an exciting, though often questionable, David Pountney production particularly notable for Josephine Barstow's passionately gripping Senta) and of ENO's deathless Barber of Seville, with Della Jones, John Brecknock, and Alan Opie back in their familiar leading roles.

#### WEST GERMANY

**Berlin**, Deutsche Oper: The week starts with Aida, sung in Italian, with Julia Varady in the title role and Carlo Cossutta as *Radames*. Manon Lescaut has Charles Vanderzand making his debut as conductor in Berlin. The cast includes Pilar Lorengar and Vasile Moldoveanu. Die Lustigen Weiber von Windsor features Norma Sharp and Helmut Berger-Tuna in the leading parts. *Lucia di Lammermoor* is a Philippe Sanjust production and has Lucia Aliberti in the title role. The Magic Flute rounds off the week (34 381)

**Hamburg**, Staatsoper: Der Barbier von Sevilla is finely interpreted by Rachel Joselson and Ude Krekow. Arabella is of respectable standard with Judith Beckmann in the title role and Franz Ferdinand Nentwig in the part of Mandryka. Tosca, produced by Jean Pierre-Ponnelle, has Eva Marton in the title role and Franco Bonisolli as Cavaradossi. Othello is directed by Giuseppe Patané. (351 151)

#### VIENNA

**Staatsoper**: Tosca conducted by Kulka with the Vienna Boys Choir; Madame Butterfly conducted by Kulka. (5324/2655).

**Volksoper**: Die Fledermaus conducted by Bauer-Theussl. Wiener Blut conducted by Rudolf Bibl. (5324/2657).

#### TOKYO

**Shenshi Singing and Dance Troupe** (China): (National Theatre). Pieces from the T'ang dynasty (618-902 AD) which influenced Noh and Kabuki and their precursors, Gagaku and Gigaku (580 0031).

#### NEW YORK

**New York City Opera** (New York State Theater): The premiere of Lotfi Mansouri's production of The Mikado conducted by David Stahl with Elizabeth Hynes and Bruce Reed highlights a week that also includes Mansouri's production of La Rondine and Frank Corsaro's productions of La Traviata with Leigh Munro, Rigoletto conducted by Mark Flint and an evening of Cavalleria Rusticana and Pagliacci conducted by Klaus Weise. Lincoln Center (870 5570)

## Music

#### PARIS

**Jean-Louis Hagnenauer** piano: Prokofiev, Debussy, Moussorgsky (Tue, 6.30pm). Sorbonne, Metro Luxembourg.

**Hopkinson Smith**, Theorbo, Wieland Kuijken, viola de gamba. Frescobaldi, *Simpson, F. Couperin* (Wed 6.30pm). Musee Carnavalet, 23 Rue Sevigne, Metro Saint-Paul.

*Ars Antiqua de Paris – One hour of* Troubadour and Elizabethan music and Spanish cancionero (Mon, Wed, 8.45pm and 9pm). Sainte Chapelle, *upper part with its glorious medieval windows.* Bookings 340 5517 and on arrival.

#### VIENNA

**Vienna Hofgurb Orchestra** conducted by Gert Hofbauer. Viennese Waltzes and Operetta at the Hilton Hotel (Tue).

**Marek Kudlicki**, organ. St Stephens Cathedral (Wed).

**Hans Nast**, piano. Chopin and Liszt. International Culture Centre, Annagasse 20 (Thur).

#### WEST GERMANY

**Berlin**, Philharmonie: Boston Symphony Orchestra, conducted by Seiji Ozawa with cellist Yo Yo Ma, Brahms and Strauss (Wed, Thur).

#### TOKYO

**Renata Scott soprano**: Recital accompanied by Thomas Fulton, Kan-i Hoken Hall (Thur). (331 4481).

#### LONDON

**London Symphony Orchestra** and Chorus conducted by Richard Hickox with soloists including Felicity Palmer, Felicity Lott and John Shirley-Quirk. John Taverner and Vaughan Williams. Royal Albert Hall (Mon). (589 9465).

**Royal Philharmonic Orchestra** conducted by David Coleman with Leland Chen, violin and Philip Gammond, piano. Smetana, Bizet, Tchaikovsky, *Litolff and Ravel.* Barbican Hall (Mon). (638 8891).

**BBC Symphony Orchestra** conducted by Mark Elder and Thea Musgrave *with Michael Collins,* clarinet. Rachmaninov, Thea Musgrave and Brahms. Royal Albert Hall (Tue).

**Scottish Chamber Orchestra** conducted by Wilfried Boettcher and Peter Maxwell Davies with Alfred Brendel, piano and Neil Mackie, tenor. Mozart and Maxwell Davies. Royal Albert Hall (Wed).

#### CHICAGO

**Ravinia Festival**: St Paul Chamber Orchestra Pinchas Zukerman conductor and violin, Michala Petri recorder. Handel, Sammartini, Vivaldi, Handel, Bach (Thur). Highland Park (728 4642).

## Exhibitions

#### ITALY

**Venice**: Amid continual justified complaints about the impossibly short and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most – and will now be open every day (except Tue) from 12 to 6pm (also Sat from 6 to 9pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon Guggenheim foundation of New York and Montedison.

**Venice**: Palazzo Grassi: This year, the historical section of Venice's Biennale offers a huge and splendid collection of painting, sculpture, furniture and pottery dating from the Viennese Secession. This was the Viennese version of Art Nouveau, which began as a splinter-group formed by Gustav Klimt in 1897. The exhibition includes Klimt's enormous Beethoven frieze, and the poster advertising the secessionist group's first showing in 1898 – then considered scandalous, but which led to Whistler's nominating him a member of the Society of Painters, Sculptors and Engravers of London. Also works by Oskar Kokoschka, Egon Schiele, Hoffmann, Mackintosh and the Glasgow School. Ends Sept 9.

**Venice Biennale**: The Venice Biennale is up and running for the summer in the Giardini di Castello and at various places around La Serenissima, the usual melange of the fascinating, the excellent and the frightful from what the present has to offer across the entire range of contemporary art, with the spectacular bonus at the Palazzo Grassi of the most comprehensive examination one could wish for of the work of all kinds that came out of the Vienna Secession. Out of the chaos in the gardens come the large central exhibitions: Arte, Ambiente, Scena; and Arte allo Specchio; two sprawling but more coherent shows than usual that focus especially upon current preoccupations with art historical and mythological reference. Younger blood is consigned to Aperto 84 that fills the old Salt Warehouses on the Zattere. And there are, of course, the national pavilions scattered through the gardens, with their particular offerings: Howard Hodgkin for Great Britain, Penck and Baumgarten for West Germany, Clave for Spain and Dubuffet for France outstanding. Ends Sept 30.

**Florence**: Palazzo Vecchio: The Horses of Leonardo: 50 studies of horses and other animals, chosen from the 92 relating to this subject from the Queen's Collection in the Royal Library at Windsor. These drawings form only part of Leonardo's output, which covers every aspect of human activity, of nature, and of science. Like many of the Italian humanists he considered the horse a subject of attention second only to man. The exhibition includes ten of Leonardo's studies for The Battle of Anghiari, with their terrific force and vitality. Many preparatory sketches for mostly-unrealised projects and ends with his allegorical drawings of dragons, elephants and cats. Ends Sept 30.

**Venice**: Palazzo Ducale: The Treasures of the Pharaohs – a rich and fascinating exhibition of more than 60 works (lent by the Cairo Museum) – covering over 3000 years, and containing an enormous variety of objects from mundane things such as combs and cooking pots to the contents of Tutankhamun's tomb. Until End of December.

**Livorno**: Villa Maria, Via Calzabigi 54: *Amedeo Modigliani (1884-1920)*, was better known as a painter, but this exhibition, which marks the centenary of his birth here, has as its focal *point four of the few remaining* sculptures by the artist (one from the Tate Gallery, one from the Pompidou centre and two from the U.S. Until Sept 9. Open 10.00am to 7pm (Closed Mon).

#### LONDON

**The Tate Gallery**: The Hard-Won Image – this summer's sequel to last year's New Art – is a personal survey by Richard Morphet, of the Tate, of British figurative painting and sculpture from the late 1950s to the present. It is a useful and even important show, for it makes the point almost to spite of itself that figurative art, far from being revived in recent years, never actually went away. The strength in depth of our figurative artists in this period is indeed gratifying. Bacon and Moore are the presiding masters; Hockney, Kitaj (honorary Englishman as it were), Andrews, *Blake* all predictably, and rightly included: Symons, Greenham, Collins, Weight, Harman and Lessore brought into deserved prominence; and *the stars are Uglow, Freud, Auerbach,* and Kossoff most of all. Ends September 9.

#### PARIS

**Musée de l'Orangerie.** The Jean Walter and Paul Guillaume collections are now permanently exhibited in the newly restored Orangerie museum – the pendant to the Jeu de Paume. The museum houses 144 works from *Impressionism* to the 1930 period. Renoir is richly represented with 24 of his paintings – among them the well-known Young Girls at the Piano, Cezanne with 14 paintings, Matisse with 11. The public will be delighted to be able to view again Douanier Rousseau's Wedding Party and The Cart, Picasso's Women Bathing and other favourites. Musée de l'Orangerie, Metro Concorde, 9.45am – 5.15pm, closed Tue (265 9940).

**De Kooning** – to celebrate the 80th birthday of the pioneer of abstract expressionism. Beaubourg presents a retrospective of 80 paintings, 100 drawings and seven sculptures, showing the astonishing facility with which the Rotterdam-born artist changed styles during his long America-based career from lovely portraits, to nudes, and to abstracts. *Centre George Pompidou,* closed Tue. Ends Sept 24 (277 1233).

**Marc Chagall** – to celebrate the 97 years of the artist, whose paintings *have lost nothing of their poetical* magic. The floating figures remaining dreamlike, the jewel-like colours as mysterious as ever, there are, *until the beginning of October,* three simultaneous Chagall exhibitions. 200 works on paper – drawings and gouaches are being shown at the *Centre Georges-Pompidou, Paris* (277 1233). 85 paintings at the Fondation Maeght in Saint-Paul-de-Vence (93 328163), and stained glass, sculp*tures and mosaics at the Musée* Message Biblique in Nice. (93 817575).

#### NEW YORK

**Museum of Modern Art**: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classics but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole helicopter.

**Guggenheim Museum**: 85 sculptures and works on paper from the permanent collection cover Degas to *Calder, and include* Arp, Brancusi, Giacometti, Modigliani, Moore and Miro. Ends Sept. 9.

**Whitney Museum**: Thomas Eakins, *Eastman Johnson and George Caleb* Bingham are represented among the 22 works illustrating the theme, The Art of Music: American Paintings & Musical Instruments 1770-1910, with its portrayals of American life as well as antique instruments like minstrel bones and melodeon. Ends Sept 19.

#### WEST GERMANY

***Düsseldorf***, *Hetjens-Museum, 4 Schul*strasse: To commemorate its 75th anniversary the museum, specialising in china, ceramics and glass as *forms of art, is showing 400 ceramic* vessels, sculptures and objects from the last five years. Ends Sept 16.

**Munich**; Haus der Kunst, 1 Prinzregentenstrasse: Paintings, sculptures and graphics from the last two years by 500 artists living in West Germany. Ends Sept 16.

**Berlin**, Bauhaus-Archiv, 14 Klingelhöfer Strasse: The second part of an exhibition series dedicated to Wassily Kandinsky. This sequence *has works from the painter's Rus*sian and Bauhaus years between 1915 and 1933. It also contains pictures by some of Kandinsky's contemporaries. *Ends Sept 23.*

**Goslar**, Mönchehaus-Museum, 3 Mönchestrasse: Roughtly 100 architectural designs, graphics and photographic documents by Friedensreich Hundertwasser, a contemporary artist. Ends Sept 23.

**Darmstadt**, Kunsthalle, 1 Steubenplatz: Günter Grass, one of the leading German writers, also commands attention in another artistic field. Here he shows more than 225 drawings, sculptures and print graphics which he has created since 1958. Ends Sep. 9.

**Hildesheim**, *Roemer- und Pelizaeus*-Museum, 1–2 Am Steine: Max Klinger (1857 to 1920), the painter and sculptor born in Leipzig, has been celebrated as East Germany's answer to Albrecht Dürer. This image is revised here – to lead to a more differentiated view of the art*ist* – with the help of an exhibition comprising more than 300 of his works on loan from the German Democratic Republic, The Federal *Republic* and Austria. Ends November 4.

#### VIENNA

**Treasures of Dusseldorf Art Museum**: A cross-section of German artistic development throughout the nine*teenth century. Prussian castles to a* louche but inviting beer-hall and many scenes from everyday life. Calm and prosperous family groups hang *amid other portraits* and landscapes that are majestic, moving or even witty. Kunstlerhaus, Vienna, Ends Sept. 30.

#### INNSBRUCK

**"The Tyrolean Nation 1790-1820"**: Prints and paintings illustrate the Tyrolean peoples' fight against Napoleon and their fruitless struggle for nationhood under their charismatic leader Andreas Hofer. At the Tyrol Provincial Museum, Innsbruck, until 14 October.

#### NETHERLANDS

**The Kroller-Muller Museum**, set in woodland at Otterlo, between *Utrecht and Arnhem*, offers a special opportunity this summer to see the museum's complete collection of 274 Vincent van Gogh works togeth*er for the first time. The museum al*so has fine paintings and sculpture by some of the most famous artists of the century, including Picasso and Braque.

#### TOKYO

**New Stone Age Earthenware** from Shiono collection: 300 items of pottery from the Jomon period (about 4000–250 BC). The important collection is mainly from excavations in Tama, Tokyo Suburbs. Tokyo National Museum. Ends Sept 16.

**Historic Chinese Ceramics** (from the *Shanghai Museum of Art*). The Seibu Museum has 98 important ceramic pieces from the Neolithic Age (4100–2300 BC) through succeeding dynasties to Qing (1736–1895 AD). The former is represented by an elegant and refined openwork stem cup in black and covered jar with incised pattern: the latter by the more familiar Ming blue and white. There is an exquisite Qing vase with closely painted motifs, an elegant white stem bowl with fruit design and a wonderful cross-section of Chinese ceramic masterpieces, the yield of recent excavations. Seibu Department Store, Ikebukuro, Ends Sept 5.

**Jean-François Millet**: The Boston Museum of Fine Arts whose collection *of Millet exceeds that of the Louvre* ends 65 works by the French pre-Impressionist (1814-1875) known for his scenes of peasants and landscapes. *The highlight of this exhibi*tion is a photo panel of his earlier Captivity of the Jews in Babylon discovered by X-ray under his later Young Shepherdess. Takashimaya Department Store, Nihonbashi. Ends Sept 30.

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**Comfort and Joy**, directed by Bill Forsyth
**Under the Volcano**, directed by John Huston
**The Karate Kid**, directed by John Avildsen
**Purple Rain**, directed by Albert Magnoli

## Cinema/Nigel Andrews

# Forsyth's saga

Bill Paterson in "Comfort and Joy"

I am blessed — or cursed — with this tendency to stumble upon people called B Forsyth before they have reached stardom. Bruce Forsyth I remember first sighting in his pre-celebrity days in a Torquay revue circa 1955, where the footlights kept exploding and Forsyth, chin rampant, kept masterfully ad-libbing. Bill Forsyth I remember meeting as a callow, pre-filmic lad at a Glasgow seminar (1975?) when the light of genius was yet young in his eyes.

They've both gone on to triumph in rival areas of that unique British territory, the laughter of mishap: Bruce in telly game-shows and Bill in big-screen comedies like *Gregory's Girl* and *Local Hero*. The game-show guest as human coconut shy (Bruce's speciality) is a boisterous first cousin to the Everyman as holy fool (Bill's), and both are a comic expression of Britain's love of the underdog.

Though I will take Bill F's comedy any day in preference to Bruce F's, their points of convergence are more intriguing than their differences. And the kinship is clear in *Comfort and Joy*: with its hero Alan (Bill Paterson) a keep-em-happy media person by day (disc jockey on a local Scottish radio station) in the Bruce mould, and by night a more Bill-like Everyman on the receiving end of life's levelling blows.

The film's first half is as good as anything Bill Forsyth has done. Our hero's girlfriend (Eleanor David) walks out of his life, cooly stripping his flat of her possessions (which seem to be 9/10ths of the lot) and leaving him gasping brokenly to his best friend the next day, "She left the refrigerator. That's a good sign, isn't it?" Chipping about between Alan's private life and his public workload, introducing pop songs or casting dreadful cereal jingles across the airwaves ("Thrifty pops! Thrifty pops!") Forsyth creates a tragicomic, magicomic *rubato* of the everyday.

But midway through the movie it's as if a gale of Brucian overemphasis has blown in and the plot lurches towards slapstick. We follow first Alan's forlornly funny attempts to extend himself into the documentary field—monologising into a mike by a rusty canal—and then his involvement in an ice-cream war where rival gangs of Tutti Frutti conquistadors are carving up the city's underworld.

Mr Bunny is at war with Mr McCool, the hills are alive with the sound of flying cornettos and Alan is the media-man turned mediator caught in the crossfire.

Unless there's an allegory on the banks of the Clyde I'm missing here, I don't see the link between the two movies: between the witty-woeful comedy of Part 1 and the school revue shenanigans of Part 2. Once or twice a great Forsyth coup erupts: like the shot of a vandalised ice-cream van limping down a twilight hill like a giant lame rabbit, as its windows speaker bleats out, "Hello folks, hello folks, hello. . ." But elsewhere we're left with a scattering of comic images in search of a uniting comic vision.

Nothing could be less scattered than the fire in Malcolm Lowry's novel *Under The Volcano*, which roars continuously for 380 pages. This prose poem under Mount Popocatapetl is volcanic indeed: spilling a red-hot vision of Hell out of a tiny pimple on the human landscape, to wit the drunken British ex-Consul Geoffrey Firmin and his small band of too-late or too-weak succourers, including ex-wife Yvonne and half-brother Hugh. The novel occupies only one day in the life of Firmin: with the irony that it's also his last and is Mexico's Day of the Dead. The vultures of conscience and despair flap patiently round the dying man (for Firmin read Infirm), making the Cuernavaca day seem eternity and vice versa.

Albert Finney, once the National's Tamburlaine, is a great actor for making eternity seem short. Unfortunately here he makes it seem too short: teaming with director John Huston to turn Lowry's lowering epic into a *tour de force* at once un-scorched and skittish, in which Finney's sozzled, vowel-rolling grandee in a white suit is too much of a camera-hogging semi-comic "turn" ever to open the limitless trapdoors into Hell that Lowry prepares for the last act.

This is *The Dresser's* "Sir" charabanc'd out to sunny Mexico, where he bestrides the blotchy textures of Gabriel Figueroa's photography like a tomato-faced Colossus; heaving into constant close-up and playing gold-medal gymnastics with his epiglottis. "I choose—ah Hell!" he cries near the end, popping monstrous eyes, grimacing his cheeks and giving a snake-flick with his tongue to the last consonant.

Meanwhile Jacqueline Bisset bites out frightfully British emotion as Yvonne, and *Brideshead's* Anthony Andrews as Hugh belabours the assembled company with reminiscences (and a song) about the Spanish Civil War. The novel's sprawling and appalling power lay in the way the Mexican heat and stasis spread into everyone's soul, like molten lead that gradually hardened and killed. But in the film there's no interaction whatever between the stars speechifying away like mad in the foreground and the nebulously exotic Mexican background that's so fuzzy it's almost void of distinguishable details. (Why are all the long shots so out of focus?) What emerges is a film at once showy and shallow, grandstanding and imprecise—all the qualities Lowry would be appalled to have attributed to a version of his novel.

*

"To make honey, bee need young flower not old prune," says the wise old Oriental who coaches our teenage hero to excellence in *The Karate Kid*. He (Ralph Macchio), newly settled with Mum in California, doesn't agree. He wants to be able to give the school bullies some of their own medicine, and this karate-skilled Okinawan caretaker in their apartment block (Noriyuki "Pat" Morita) is just the old prune to help him. John (*Rocky*) Avildsen directed this junior-league David and Goliath yarn, which is deft, sentimental and endearing in roughly equal proportions. Take the children.

*

*Purple Rain* stars the rock star Prince, heir apparent to Michael Jackson, and has a demented pyrotechnic vitality that only the old at heart could resist. In style it's like a 110-minute pop video: with a plot you could write on the back of a plectrum (Prince plays the poor boy from the ghetto who finds fulfilment in on-stage fame and off-stage romance, with Apollonia Kotero) but visual effects that are like Guy Fawkes night in a nitro-glycerine factory.

The songs and their staging are dashingly watchable and so is Prince himself: a death-white *Adonis* with a beehive mop of black hair, Regency dandy clothes and eyes as big and bright as UFOs. All this plus a keening powerhouse voice and an electric-limbed dancing vitality that makes Michael Jackson seem like Michael Wilding.

## Paris Opera Ballet/Edinburgh Festival

### Clement Crisp

The Paris Opera Ballet's *Comedia dell'arte* bill, on view this week in the charmless barn of the Playhouse, is a characteristically intelligent assembly of dance works which span nearly two centuries of the Italian comedy. Thematic programming of this kind seems part of Rudolf Nureyev's ability to infuse new interest into his company's repertory, and the *contrasts* between Ivo Cramer's reconstruction of an 18th century frolic, Fokine's *Carnaval*, and Balanchine's *Le Bourgeois Gentilhomme*, make for a delightful evening. Cramer's *Harlequin, Magician of Love* is a fanatically complex and improbable *narrative* which need concern the viewer not at all.

What matters are the merry capabilities of the Opéra dancers to rattle through the scenes (with Nureyev himself an ebullient Harlequin as spirit of misrule) against the beautiful old scenery that has been borrowed from the Drottningholm Theatre in Sweden, where the pre-Romantic painted flats and machinery have been lovingly preserved.

So we watch swift changes from forest to inn to fortress, with farcical incident bubbling over the stage, and we delight in the innocent energy of it all, and in the Opéra dancers' fluent way with sweetly credible choreography. Claude de Vulpian is an irresistible Columbine and Pierre Dardé a charming Polichinelle; Jean-Pierre Franchetti is a much put-upon Pantalon whom Mr Nureyev baits and maltreats (and even attends—as doctor—with a syringe and a costume which gives him four arms and the opportunity for splendid foolery).

About *Le Carnaval* there must be certain reservations. This is, I suspect, the most difficult of Fokine's works to re-stage, for it demands an emotional sensitivity and a no less sensitive dance manner which are beyond the experience of today's performers. The programme indicates that the choreography has been "re-created" by Nicholas Beriozoff, and that design is based "on ideas by Leon Bakst," disclaimers that are justified by the approximations in décor and interpretation which we saw on Wednesday night.

There are qualities of gentleness, lightest wit and even lighter gusts of feeling, which as yet escape the present cast, though the Opéra artists have the physical skills and the intelligence to explore their roles, and then a rare and delicate masterpiece may be restored to theatrical life. The lighting and musical performance in Edinburgh were miserable, but in matter of dance interpretation there is no other Western company able to tackle this great ballet.

*Le Bourgeois Gentilhomme* is Balanchine's romp to Richard Strauss's incidental music to the play, which finds the master at his most buoyantly funny. With Patrick Dupond tearing through the action as *Cléonte* with Claude de Vulpian deliciously spirited as Lucile; and with Georges Piletta a flurry of padded costume, feathers and pretensions to gentility, the scene is irresistibly joyous. M Dupond excels in roles—like his Puck in *A Midsummer Night's Dream*—in which his infectious delight in dance and in mad-cap pranks are allowed full rein. Here he deploys all his virtuosity and his sunny energies in the lessons he gives to M Jourdain, and in the Turkish ceremony, with M Piletta a splendid foil and a boisterous comedian in his own right.

The lightness of Balanchine's choreography is everywhere matched by the lightness and elegance of the company performance: the curtain rises perfectly, and is delicious.

## Danny and the Deep Blue Sea

### Frank Lipsius

After an appearance as a working script last summer at the O'Neill Theatre Centre in Connecticut, John Patrick Shanley's two-hander has not taken long to get to the Circle in the Square in Greenwich Village, New York. *Danny and the Deep Blue Sea* plays out a favourite American fantasy where two inarticulate dead-beats are raised to eloquence by finding someone to confide in.

John Turturro, who has more than a passing resemblance to a young Sylvester Stallone with three-days' beard, injects venom into Danny as he spits out the anger that led to two fistfights in the past two days. If there is a central improbability in this savage-taming exercise, it is Roberta's persistence in talking to the moody Danny who wants only to drink his pitcher of beer in peace.

Roberta's own problems propel her toward the brooding Danny, as the initial alternating monologues emphasise the gulf that separates the two. Danny is afraid he killed someone in his brawl while Roberta blurts out that she had sex with her father. She did it to get power over him in a claustrophic life in which she has a teenage son, no husband and, at the age of 31, sleeps in a closet.

Still, she remains a tough cookie whose vulnerability is well encased in her tight-fitting clothes and stiletto heels. After a slightly shaky start on the dialogue, Deborah Offner makes a notable debut standing in for June Stein as Roberta.

*Following* the across-the-bar preliminaries, the scene shifts to Roberta's live-in closet, where the charms some *dialogue* and even a few endearments out of Danny. When she starts complimenting him, he covers his embarrassment by loudly telling her to shut up.

She gradually humanises him to the point where he asks her *to marry him and they spend* idyllic moments dreaming about a wedding. When, in the third scene the next morning in the same room, she tells him they are both crazy to get married. Though her reluctance sounds plausible, Danny rises to real eloquence and insights to coax her back into thinking that they need not retreat to their separate desperation.

Director Barnet Kellman keeps the scenes moving with an urgency and edge of violence that do not flag or induce fatigue. David Gropman's simple set causes no distraction to the tense effort at salvation made by two initially helpless Bronx brutes.

## Bricks'n Mortar/Scarborough

### Martin Hoyle

Capri has Tiberius; Scarborough has Alan Ayckbourn (local heroes say a lot about the natives' priorities). Besides being our most prolific playwright, Mr Ayckbourn is Director of Productions at the Stephen Joseph Theatre in the Round, where he is currently putting on a new play by Michael Cashman. Mr Cashman has been associated with Scarborough for two years as actor as well as writer; his first play enjoyed an Ayckbourn production last summer.

Mr Ayckbourn's loyalty to associates outweigh his judgement. *Bricks 'n Mortar* is fatally unsure whether to opt for farce or comedy of character; as a result Act 1 jogs along with the bland banter of a TV sitcom. "I served at the altar once," says the dim-witted youth prior to saying a few words over the recently defunct boss's corpse. "And I served at the Rose and Crown," is the creaking rejoinder.

The story deals with the frantic attempts of a contracting builder's workforce to finish a job on time after the gaffer drops dead. His unsmiling widow joins in. Problems are posed by a mysterious vandal who nightly undoes the day's work, a half-blind bricklayer too vain to wear glasses who flees to the lavatory at the slightest challenge; and a thin-lipped District Surveyor on whose possibly corrupt approval the whole enterprise depends.

The world here portrayed is too inconsistent for farce. There is no reason why, though concealing the boss's death the workmen should keep his corpse lying around the site except for predictable comic manoeuvrings when possible discovery looms. Characters and issues are left undeveloped: Terry's socialist principles though often mentioned seem to have disappeared in rehearsals; suggestions of civic corruption cry out for full-blooded satire. And the final warm-hearted conclusion is unconvincingly contrived.

Despite the slack story-line, the performance demonstrates the regular company's versatility. As gormless Danny, Mark Jax, constantly hitching slipping jeans over his haunches, is unrecognisable as the suavely manipulative wife-swapper of last spring's *Chorus of Disapproval*. He seems to have changed physique, like Russell Dixon's toothless bricklayer, throatily hissing out vindictive threats. Lennox Greaves's sharp cockney Terry and Carol Gillies' kindly northern battle-axe who beats the men at their own game do their considerable best, but the fun never really sparks.

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# Implications of U.S. slowdown

THERE ARE now quite strong reasons for supposing that the long-forecast slowdown in the U.S. boom is at last occurring, and may prove quite sharp. The financial markets have been obsessed with this possibility for a long time, concentrating almost entirely on the possibility that this could signal an easing of the abnormally high interest rates which have ruled for the last four years, so that what is bad news for the U.S. economy may well be greeted as good news for everyone else. Things were never as simple as that; and if the slowdown is indeed occurring, at a time when the relatively feeble European recovery is itself showing signs of slowing, it could pose some difficult dilemmas for the whole developed world. The earlier they are discussed and understood, the better.

### *Unpredictable*

First, the evidence. The sharp fall in the U.S. leading indicators for the second successive month would in itself be no more than suggestive: this series is often revised quite sharply after its first anouncement, and is in any case subject to long and unpredictable time lags. However, on this occasion several concurrent indicators tell the same story. Housing starts have edged below their 1983 level, though they are still high by the standards of earlier years, and car sales are only modestly up. Purchasing managers are much less bullish than before about orders and output—though these answers are still positive. The growth of consumer credit *may be easing from its astonishingly* high levels, and the savings rate has been rising quite strongly. The financial markets tell much the same story: bond yields have been falling despite heavy funding by the corporate sector, and some edging up in short term rates.

This all adds up to a picture only too familiar in the UK: the maturing of a consumer credit boom, some decline in confidence—justified by difficulties in the banking and savings and loan industries, which make big headlines, as well as by the appalling state of merchandise trade, which probably does not. Confidence can only be sapped a little further by the forward indicators themselves; that is why the slowdown could prove quite sharp. Certainly many forecasters regard the Administration's hope of 4 per cent growth next year as unrealistic.

One implication of this state of affairs stands out at once: it greatly reduces any chances which remained of a serious attack on the U.S. fiscal deficit by an incoming Administration. This would now be characterised as kicking the economy when it is down. On the face of it, this would quickly impose an impossible dilema, since the willingness of foreign investors to finance a yawning U.S. current account deficit may last only as long as the U.S. economy is perceived as strong; but a fall in consumer demand and a rise in saving may itself reduce demand for imports quite *sharply*.

### *Implications*

Since U.S. import demand has contributed nearly half of the growth in total demand in Europe in the last two years, the deflationary implications need no spelling out. Clearly many European governments share the hopes of the financial markets that a U.S. slowdown will quickly take the pressure off interest rates, and that a fall in rates, encouraging a financial market boom and a rise in spending, will correct the balance automatically. They will initially do all they can to encourage such a fall, and to exploit any opportunity from falling U.S. appetite for foreign credit to decouple their rates further from Wall Street.

This is not an impossible scenario, but it is an optimistic one. U.S. rates may ease rather slowly; clearly the Fed would until recently have squeezed harder if it dared, and it will now fear a weakening of the dollar. Furthermore, the impact of falling rates on activity is still an unknown, hotly argued by rival economic schools. Europe, therefore, should at least be studying contingency plans against a more generalised slowdown. Government will no longer be able to rely on the U.S. locomotive, while cursing the driver.

# The case against fortress Europe

THE NATURAL human tendency to blame somebody else for one's own shortcomings perhaps explains the perennial attraction of protectionism in economic policy. Since the late 1960s, the European Economic Community has become a less efficient supplier of manufactured goods. In world export markets, the EEC has lost ground to Japan and the newly industrialised countries (NICs) while at home it has experienced a sharp increase in import penetration. The result has been a creeping increase in protectionism, at both national and Community level, in the shape of "voluntary export restraints," tariffs or formal quotas.

Why is it so often believed that protectionism can solve problems? The classical argument against import controls—that they simply lead to an inefficient allocation of resources so that fewer goods are produced where production is cheapest—is rarely contested. Instead, politicians argue that the assumptions of the classical analysis do not hold: markets are not perfectly competitive and there is persistent unemployment. Thus import controls can be rational even if they do distort the allocation of resources because they may allow a higher overall level of output and employment in the protectionist country.

### *Export loss*

This argument has a superficial plausibility so it is important to explain why no form of protectionism can conceivably help in Europe. The *first step is to examine in more* detail why EEC countries are failing to compete in manufacturing.

The National Institute of Economic and Social Research (NIESR) points out in its review this month that the EEC's problem is more a loss of export markets than a rise in import penetration: had the Community maintained its share of export markets in the last decade output would be $74bn greater. Even more significant, the EEC's inability to compete is highly concentrated: in a wide range of engineering products—mainly industrial machinery—the EEC has more than held its own.

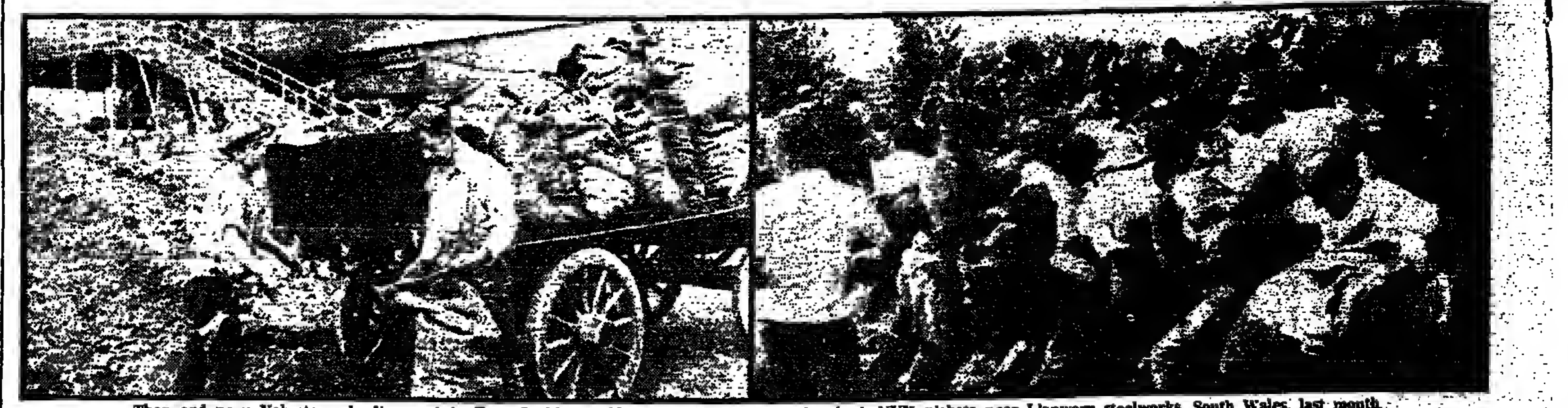
There are two problem areas—consumer goods, particularly textiles and clothing, where ground has been lost mainly to the NICs—and some engineering products, for example, motor vehicles and consumer electronics, where Japan has forged ahead. The NIESR suggests that the EEC's poor showing in the first sector represents a "decisive shift of comparative advantage" in favour of the NICs: protection here would be so inefficient as to be foolhardy. Lack of competitiveness in the second sector may reflect the EEC's inability to exploit economies of scale, stemming from the fragmentation of national markets and the promotion of "national champions."

### *Self-defeating*

This detailed analysis of what has happened refutes the argument for temporary protection to allow weak industries to develop. The fortress Europe strategy would tend to delay the adjustment process that is necessary if European companies are to become competitive in areas such as consumer electronics. The solution is not to erect tariff barriers to those outside the Community but to encourage more competition inside. The Common Market is sufficiently large that the removal of barriers to internal competition would cause mergers between European companies enabling them to exploit economies of scale and so become more competitive in world markets.

Protectionism is intellectually unattractive but is it even feasible for Europe? The NIESR analysis suggests it would be either ineffectual or self-defeating. A doubling of tariffs (from an average incidence of 5½ per cent) might reduce the value of imports by 5 per cent and raise GDP by a fraction of 1 per cent. But this assumes no retaliation. A substantial rise in tariffs, say to an average of 50 per cent, would certainly provoke counter-measures: the NIESR suggests GDP in the EEC would then decline and the balance of trade in manufactures deteriorate by about 16 per cent.

## BRITAIN'S TRADES UNION CONGRESS



Then and now: Volunteers loading coal in East Lothian in May 1926 and police forcing back NUM pickets near Llanwern steelworks, South Wales, last month

# Unions on the edge of an icy slope

By John Lloyd, Industrial Editor

LEN MURRAY presides over his last Congress next week with the tide ebbing as ominously for British trade unionism as it ran strongly for it when he took over as TUC general secretary in 1973. His perennial question to the labour movement—"Can you deliver?" remains unanswered: his drive to find answers, launched with hope and energy a year ago, has been shattered, and nothing has *emerged to take its place*. The 116th Congress will be feverish, dramatic, a media spectacle, as unions publicly divide: it cannot hope to offer the movement the period of recuperation it needs.

The 100 or so unions represented at Brighton will need to be both careful and lucky if the present spiral of decline is not to accelerate. This does not mean that the union movement will die or suddenly disappear: it could mean rather a slow, irregular drop down a gentle but icy slope, with no one person or group capable of carving out a ledge and attempting the climb back up.

An uneasy feeling haunts the unions that government and employers can do without them even when they attempt to be "responsible" and can resist them when they stand up for a fight. They know that good times have succeeded bad times *before*—but they do not know how to get a purchase on events to swing things back their way.

The long, low period of the 1920s and early 1930s is recalled to mind because of the obvious parallels it offers with the present. Unemployment cut the surge of growth in TUC-affiliated unions *during* and just after the first World War from 6.5m in 1920 to 3.3m in 1926: only then did it begin to climb once more. In 1926 a miners' strike (against wage cutting) led by the fiery idealist A. J. Cook, convulsed the labour movement, corralling the unions into a general strike for which they were unprepared: its failure was followed by a further twist downwards of union membership.

By the mid-1930s however, the union rot had stopped: the painstaking Walter Citrine, TUC general secretary from 1926, was complemented by the organising genius of Ernest Bevin, secretary of the Transport Workers and TUC president in 1936-37. New industries like motors and electricals were being organised before the war: the war itself ushered in a "period... of Government-trade union coalition which revolutionised the position and power of the unions".* Neither position nor power were seriously challenged until 1979: growth flattened out in the 1950s and early 1960s, but resumed at the end of the decade as the "white collar proletariat" (and salariat) were enrolled in the union family.

The ebb of the 1920-30s was followed by a new wave of union growth. It was led by powerful personalities and officered by thousands of union zealots who had the preconditions for organisation to hand in the spread of mass production industries, the demands of war and the encouragement of governments and many employers. Now, hostility and indifference hem the unions in, industries are trimming their labour battalions and splitting them into more controllable platoons and nuclear war will not offer the unions another opportunity.

These considerations will underlie Congress next week, but will find at best oblique expression in it. Instead, the compound of pressures produced by years of unemployment, rapid industrial restructuring and a relentlessly, unforgiving Government has been forced into the narrow compass of *next week's Congress*.

The first, and most obvious, of these is the miners, back for the second time in a decade to pose the most basic of questions for the British polity and for the unions in particular. Their struggle against pit closures is led by a man in who extraordinary will and charismatic ability join a colossal arrogance and a horror of compromise: Arthur Scargill has howled round the battered sides of the Labour movement, causing it to spring in every quarter: he has done so by *attempting to practise what it has (often so lightly) preached*.

The movement is committed to "fight unemployment": the National Union of Mineworkers is doing so. It is "bitterly hostile" to the Government: who more than the NUM? It aspires to a society based on "need, not profit": what could be based less on profit than the kind of coal industry for which the NUM is striving? Mr Scargill is bringing the rhetoric home to roost.

Hence the importance of the NUM motion to be debated on Monday, calling for "total support," to be taken together with the "friendly" amendments of the train drivers and the seamen which bar the crossing of picket lines and the use of "blacked" coal. It calls for backing for a fight conducted on the basis of TUC policy, and therefore must be "supported": but on what terms and according to what rules?

At the core of the issue, though is the Murray question—Can you deliver? The dockers' leaders in the Transport and General Workers' Union, the best able to do so because of their industrial muscle and militant traditions, are trying to do so at present, but it is still unclear if their members will obey. The NUM wants the power workers to deliver too. If the power workers went on strike, it but they will not. The steelworkers have already crossed the river of no support. Most of the rest of the union movement hopes not to be put to the test.

**Mr Len Murray's perennial question 'Can you deliver?' remains unanswered**

Yet, though Mr Scargill has put the sharpest edge possible on the question of delivery, it has been posed before over the last 12 months. The issues given would have already provided the subject matter for a bilious Congress without the miners, and will now be conflated with their struggles.

That 12 months was supposed to see the flowering of what came to be known (to Mr Murray's irritation) as "new realism," caricatured as distancing the unions from a badly underperforming Labour Party *and drawing closer to the Gov*ernment, but more about recovering authority to speak for—and hence "deliver" an alienated mebership. Reflecting on it in an interview with the FT earlier this week, Mr Murray claimed that it was "flouted from the first" by union leaders at all levels who refused to recognise its implications or implement its guidelines for the conduct of relations with employers, the Government and each other.

The two set-piece engagements of the past year were the strongly contrasting instances of the National Graphical Association's struggle to retain a closed shop at the Stockport Messenger newspaper and the Government's banning of unions at its Cheltenham communications centre. Mr Murray distinguishes sharply between the two: a distinction that goes to the heart of the issue of what can be delivered.

"The GCHQ case was an example where the unions could command the support of their membership and indeed of the wider public. Whereas in the NGA case it was quite obvious that, valiantly as the NGA had fought, there was no way in which Mr Shah (the SM proprietor) could be beaten by escalating the action in the way the NGA wanted. And I think they knew it."

Mr Murray "won" the NGA issue by refusing to allow the TUC to be dragged into "total support" of an action which, it judged, could not succeed: he and the General Council identified GCHQ as one where they could. In a textbook illustration of moderation, the Civil Service unions with TUC support offered a guarantee of no disruption to the Prime Minister as an alternative to a complete ban, while seeking and gaining broad support for opposition to the ban itself. In a climactic meeting with *Mr Murray leading* for the union side they were rebuffed: the ban has remained.

"It shocked me: shocked me. Most of the substance of the decision and the style. The careless disregard for the attempts which had been made to establish some sort of minimal modus vivendi.

"But obviously it was not regarded by the Prime Minister as significant . . . I see it as a very definitive statement by the Prime Minister as to her attitude on trade unions I have no reason to believe she has changed."

Mr Murray's bitter defeat let loose the forces of the Left, who had kept up their unremitting hostility to the General Council majority since the NGA debacle; they have put up five motions *condemning* the Council): the NUM has been supported throughout its dispute by a loosely organised group of left-led unions, the transport unions in the van, who have bypassed TUC involvement, suspecting that the hand of the TUC laid upon the dispute would cause it to crumble.

The motions put down by the Left use the NGA issue to call for a stiffening of the struggle against the Government's employment laws—the 1980 and 1982 Employment Acts, now joined by the 1984 Trade Union Act. The argument will turn on the decision taken at the 1982 Wembley conference: there, the TUC pledged itself to back unions under legislative attack, with the rider that the General Council would exercise discrimination as to what to back and how to back it.

Success with these motions could commit the General Council to a more militant, less discriminating posture.

But will it matter? Can they deliver? In the workplaces, the TUC's affiliates are doing the best they can without much reference back to it. The electricians' union, stronger than ever in defence of its blend of industrial trade unionism, ballot-based democracy and robust anti-Left polemic, has pioneered the "no strike" agreement as a means of gaining entry to hard-to-organise electronic plants and is pushing them with a missionary zeal. Other unions are less publicly co-operative but no more militant.

At national level the General Council pulled out of the National Economic Development Council (in protest over the GCHQ ban) and now hopes Congress will allow it to get back. Mr Murray thinks that Mr Nigel Lawson, the Chancellor, could allow the unions to get involved enough in macro and micro level decisions to make renewed membership worthwhile. Again, the leeway is seen as "small but significant".

The retiring general secretary fears that his last Congress may be disrupted inside and out of the conference hall. "To me the bottom line is the right of delegates elected by their unions to come together *to discuss in an orderly way* the business of the trade union movement and to reach decisions without intimidation. If we can't do that then we may *as well pack up, and I think* there is a serious danger of that."

His hope for Congress is also his unfulfilled goal, one which his successors will have no choice but to attempt after him.

"As to the hope? That we will reach in an orderly way decisions which we have some possibility of carrying into effect . . . because that must be the test. The only thing that's worth discussing at Congress are things we can influence as a trade union movement . . . that's the measure of any decisions carried by Congress: Can we deliver?

"I've no complaint about governments posing that question directly and even crudely . . . it's a question that governments have been posing to the TUC since I've been associated with it back in the days of Cripps and Bevin. The qualitative change is that this Government is not asking the question honestly, it is seeking to rob the TUC and unions of their representative capacity . . . rather than test what is the real capacity of unions to change. But the task continues—to make sure that we are representative . . . otherwise we're nothing. We're merely passers of resolutions—spitters into the wind."

* *Governments and Trade Unions* by Denis Barnes and Eileen Reid, Heinemann PSI, 1980.

# Men and Matters

## Oak beams and high tech.

A pretty PR problem faces the organisers of the British pavilion for the Expo '86 fair in Vancouver, British Columbia.

The Canadians want to see plenty of Merrie Olde England in the British exhibition. But Ted Allan, the Central Office of Information man responsible, is just as keen to make this a shop window for British advanced technology.

With public expenditure constraints, the Foreign Office has allocated £1m to the venture—enough for a display of synthetic oak beams, but much less than will be spent by the Australians, or the Russians on their exhibitions.

Allan's selection committee is therefore asking companies to bear the cost of freighting and displaying their products.

The main theme for the Expo will be transport. On the short list to represent British achievements are the Westland 188 Hovercraft, which will be used to ferry passengers to the fair, BR's bus-on-rails said to have third world potential and GEC's magnetic levitation peoplemover.

Other possibles are the Optica light aircraft, the "tilting train," or a model of it, and a range of personal transport from high speed bicycles to Rolls-Royces and Jaguars.

To satisfy the nostalgia of Angophile Vancouver, however, the pavilion will include a pub, probably supplied by Watney Mann, selling draught bitter.

Somehow or another the memory of Captain George Vancouver, who came from Kings Lynn in Norfolk will have to be commemorated as well. The organisers are still working on that one.

## Table talk

There are comings and goings at *Food for Britain*, the quango set up last year to help British food companies sell their products abroad.

Trevor Barker, aged 38, the marketing manager, is leaving after 18 months with the fledgling organisation to set up his own consultancy company which will help small British and continental companies gain access to British and overseas grocery stores.

Barker says there is no question of him becoming disenchanted with the Food from Britain operation. Rather he believes he can offer a complementary service for those small companies which might be unable to break in on the sophisticated food distribution chain.

And coming to Food from Britain next week is Brian Law who will become the first full-time chief executive, a post previously carried out by the chairman Nicholas Saphir.

Law, aged 56, has spent most of his career with Mars. Lately he has been a director of S and W. Berisford, the commodities trading group.

His aim, once he gets his feet under the table, he says, is to expand Food from Britain's overseas network of offices—there are outposts extolling British foodstuffs in the U.S., France, Germany, and Belgium—and to forge ahead with establishing a quality symbol recognisable everywhere for food from Britain.

Law and his colleagues have been allotted some £14m from Treasury funds spread over the next five years to put British foods on the world map.

## Blue streak wake

Visitors to a desolate stretch of moorland in north-west England this weekend will come across a small army of about 100 engineers consuming beer and *sandwiches* and unashamedly wallowing in nostalgia.

The men are all former workers at what was a huge rocket-testing site at Spadeadam Waste in Cumbria. Between 1958 and 1973 up to 2,000 people worked at the Centre testing engines in Britain's Blue Streak project.

Blue Streak was intended, initially, to be a ballistic missile that could put a nuclear bomb on Moscow. Later, the Government adapted the vehicle to become the first stage of a satellite launcher.

The effort came to waste when Britain abandoned the programme, leaving France to become the leading power in Western Europe in rocket technology.

This weekend's excursion, which is costing the ex-Blue Streak engineers £1.25 a head is at the invitation of the RAF which took over Spadeadam in the 1970s and turned it into a dummy airfield for bombing practice.

Ray Hancock, a former Rolls-Royce engineer who has organised the reunion says the occasion may help the rocket men to feel less bitter about the Blue *Streak episode*. To this day many of them feel that with stronger official backing, Britain would by now have become a leader in space technology.

"Every time I hear of another satellite launch, I think of wasted opportunities," sighs Hancock.

## Numbers game

For a body of men whose lives are dominated by the most clinical scientific disciplines, astronauts are notoriously superstitious. Above all they are wary of anything associated with the number 13—a sentiment sparked at least in part by the mishap-strewn Apollo 13 mission to the moon in 1970 in which three American space travellers nearly died.

All this explains why the National Aeronautics and Space Administration, which *runs* the U.S. shuttle fleet, labels flights of the space vehicle in a way that is confusing to most *outsiders*.

The latest journey of the space plane is chronologically mission 12. But under the new classification Nasa refers to it as 41-D.

I have cracked the code. The first digit refers to the fiscal year in which the flight takes place. The second labels one of the two launch centres from which shuttle can take off. The letter denotes the order in which missions occur in a set year.

The whole procedure is to ensure that no one mentions the taboo number with reference to the 13th flight which is due to begin in October.

## Dublin calls

*Has* the *Irish* invasion of Britain's media peaked at last? After Terry Wogan, Henry Kelly, and Gloria Hunniford, we have had Olivia O'Leary doing a three-month stint on BBC 2s Newsnight.

She has apparently been a success having attracted very favourable reaction from TV watchers.

The BBC has also been impressed with her scripts, which is not surprising for before arriving in London she was a political and foreign affairs reporter on the Irish Times.

David Dickenson, editor of Newsnight has asked her to stay but she has declined—thereby shocking some BBC people by turning down what is seen as a plum job.

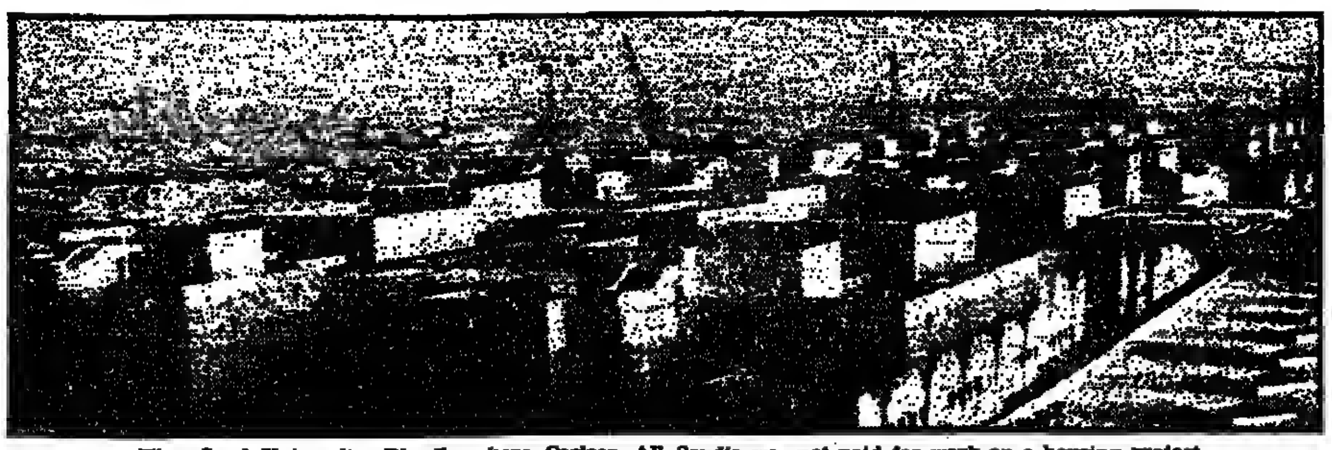
She says she will only remain if she can be a main presenter.

In fact O'Leary is not quite ready to move to London permanently. Her husband Paul Tansey, a leading economist in Ireland and deputy editor and part owner of the Sunday Tribune, wants to be back in Dublin to sort out the paper's finances.

She feels there might be more professional fulfilment in Ireland where she will write for Magill magazine, a Dublin monthly, and also work regularly for Irish TV.

**Observer**

BUSINESS WITH SAUDI ARABIA



King Saud University, Riyadh, where Carlson Al' Saudia was not paid for work on a housing project

# The payment delays that are hurting contractors

By Michael Field in London and Mary Frings in Bahrain

IN THE last week, an important Saudi-U.S. contractor has gone bankrupt and one of the Kingdom's most distinguished merchant families has called in the New York investment bank Morgan Stanley, to help it reorganise at least $400m of debt incurred by its contracting subsidiary.

In both cases the cause of the problems has been the same—huge delays in payment by Saudi ministries and other government agencies, which are embarrassed by the fall in the Kingdom's oil revenues. Delaying payments in this way is a time-honoured response of Middle East oil states to financial shortages.

The Government's policy is causing great concern among contracting companies in all major industrial countries. Over one third of all the overseas business won by British contractors for example is in the Middle East. Saudi Arabia is by far the biggest market in the region—despite falling oil prices the Kingdom is still budgeted to spend $75bn in the financial year ending April 1985. Many thousands of companies—large and small—are affected by any change in Saudi payment policy.

The Carlson Al'Saudia company, a partnership of the Carlson Group of the United States and several Saudi investors, including Mohammad and Saud Fahd, two of the King's sons, collapsed because it was not paid for work on a housing project at King Saud University in Riyadh. It is not yet known what bank debts it has or what guarantees may be called, but it is public knowledge in the Kingdom that it has on site 2,000 Asian workers, whom it is

### Great concern in all major industrial countries

unable to repatriate, and owes $4.5m to a travel company.

The Shobokshi group, based in Jeddah, operates on an altogether bigger scale than Carlson. The family partnership, Ali and Fahd Shobokshi, has unlimited liability, like almost all the top 30 or 40 Saudi merchant groups, and is e typically diversified concern. It runs shipping agencies, factories producing building materials and furniture, the trading house that imports Pony cars and trucks manufactured by Hyundai of Korea, and well-known advertising and publishing companies.

The last two of these interests are the Tihama advertising agency and the Okaz newspaper group, which publishes Okaz, one of the most widely-read Arabic newspaers in the Kingdom, and the English language Sandi Gazette.

The partnership also has a trading and contracting division, the General Agencies Corporation, which does much of its work through winning and then sub-letting contracts. It is this part of the group that is the main cause of the family's problems.

The partnership's $400m or so of debts are owed to some 80 banks, including the First National Bank of Chicago (which is by far the biggest lender), the National Commercial Bank of Saudi Arabie and several Bahraini offshore banks.

According to bankers in Saudi Arabia there is no question of the Shobokshi group going bankrupt if it can rearrange its loans. The contracting division is still winning contracts and there are real estate investments in Egypt and Britain which can be sold. The partnership also has large real estate assets in Saudi Arabia, though it is reluctant to sell these now because of the depressed state of the Sandi market.

Part of the problem foc Shobokshi is that some of the real estate investments have been funded with short-term loans which have not been renewed as the banks have become concerned about the cash-flow difficulties of the contracting division. These investments, which include the half-finished Plaza Hotel and commercial complex in Cairo, are regarded as a longer term problem for the company, though they obviously have to be taken into account in any reorganisation of the family's debt.

It is almost inconceivable that Saudi government payments to the Shobokshis would be delayed foc long enough to force the family to go bankrupt. The Shobokshis are members of an old Hijazi family, from the west of the Kingdom, who have cultivated links with the royal house of Saud from the time of the conquest of the Hijaz in 1925.

They have survived and prospered partly because they have enjoyed the goodwill of their rulers. In recent years they have become much involved with Prince Mohammad Fahd, the most entrepreneurial and controversial of the sons of the King and one of the best-known royal family businessmen.

Foc the royal family to desert the Shobokshis would be a national scandal. "They are not like Adnan Khashoggi, an American banker remarked this week, "they are real members of the establishment."

Carlson and the Shobokshis are not the only contracting businesses to have been affected by late Government payments. Earlier this summer the partnership of Blount of Alabama and Bouygues of France, which has the major contract for Riyadh University, was owed $400m. It is believed that the companies were paid only after they had enlisted the support of the U.S. ambassador.

In the spring, the Saudi group National Chemical Industries, which despite its name was a contractoc more than e manufacturer, went into voluntary liquidation with several loans, guarantees and performance bonds outstanding. The company was owned mainly by the Jedah merchant Mohammad Bedrawi and Prince Turki Faisal, the youngest son of King Faisal and director of Sandi external intelligence.

In almost all cases the companies that bave got into difficulties have been those that have had structural or technical problems as well as large government debts. The Shobokshi family has real estate projects that are not yielding income or need further investment, and its contracting division recently found that it had to carry out blasting on the Riyadh-Dammam road project. This led to great expense and delay.

The Saudi Government now claims that the contractors can blame theic distress on theic own inefficiencies, and that in the past, their profits bave been excessive. There appear to be little concero in Riyadh that the policy of delayed payments is seriously damaging the Saudi contracting industry, indeed the givernment denies that is delaying payments.

The coot of the problem is that the Saudi Government has simply mismanaged its cash flow. With oil production in the last two years has run at only some 4m barrels a day, about 40 pec cent of the level of 1980-1981, the Government has found itself with too many big projects already undec way and has continued to embark on too many new ones.

Ministries are also finding it bard to break the habit of over-luxurious building. The more opulent and expensive projects have been in the past, the happiec the contractors and middlemen have been and the more the prestige of the ministers has been enhanced.

The delayed payments policy began early last year at a time when competition in the Saudi market was already far toughec than it had been at the beginning of the decade. Big foreign company/Sandi partnerships, with large establishments in the Kingdom, were prepared to bid foc contracts on a break-even basis simply to keep themselves in work.

When progress payments have been delayed, these companies have been tempted to slow the pace of operations, which in some cases has led to contracts running behind schedule. Customers have then invoked penalty clauses.

When projects have been completed, the normal ploy of ministries and other agencies has been to look for every conceivable fault in the job in order to delay approval and payment.

Moreover, when companies have arrived at the point of bankruptcy, Saudi practices have militated against rescue operations.

One apparent indication of imminent bankruptcy in Saudi Arabia is the labour force not being paid. When this happens, the workers complain to the police. The police call on the offices of the managers, ask if management has the money to make payment, and, on discovering that there is no cash, put the managers in a debtors' prison.

It is not so much that the Saudis regard bankruptcy as a terrible crime, it is just that in e characteristically simple but

### Root of the problem is a mismanaged cash flow

bard-hearted way they want to have the offending parties in their care so that they know where they are.

One of the consequences of this practice is that as soon as a management realises that it will not be able to pay its workers, it leaves the counotry.

Imprisonment makes it difficult for a managec to collect monies owing to his company and arrange bank loans.

The government has not said whethec it is considering changing the system; issues of public policy are never debated openly in Saudi Arabia. But it is felt that it may be forced to change not only because it needs projects completing, but also because it will want to evoid having thousands af Asian labourers stranded indefinitely in the Kingdom.

## Lombard

# Japan and its neighbours

By Jurek Martin in Tokyo

AT ONE level, the visit to Tokyo next week by President Chun Doo Hwan of South Korea can reasonably be seen as anothec success foc Japan's regional Asian policies, which have been geared in part in the post-war years to making amends for the excesses of militarism that preceded them.

It is not only that through this first-ever visit by a South Korea head of state, Japan is seen symbolically mending fences with the Asian country it has most wronged this century. Important though this may be. It is also that Japan now likes to think of itself as something of a model for the newly industrialised countries, the most successful of which are to be found in the region; the most prominent is undoubtedly South Korea.

The trouble is that clouds have started to reappear on Japan's regional horizons on at least two connected fronts, the commercial and the cultural.

The blast delivered earlier this week by Dr Mahathir Mohamed, the Malaysian Prime Minister, was noteworthy not only for what he said but foc who said it. Dr Mahathir is architect of his nation's Look East policies, whose premise is, or was, that the Japanese economic and social model is worth emulating. Singapore, Taiwan and, even though it would never admit it publicly, South Korea have all been taking leaves out of the Japanese book.

Yet Dr Mahathir was moved to decribe Japan's relations with Malaysia as conforming, in many respects, to "a classic pattern of economic colonialism." Japan, he said, bought plenty of raw materials from Malaysia but virtually no manufactured products even though it apparently supported and certainly profited from Malaysia's emphasis on industrialisation.

He is by no means the only Asian leader to complain recently that Japan is more interested in selling to the region than in investing in it, that it is niggardly in permitting technology transfers, that its own markets are often closed and that its aid flows—especially direct grant assistance—are much less than promised.

It appears that President Chun is also prepared, within reason, to bite this bullet, and not merely on the commercial side. In Seoul this week, admittedly with an eye on his own domestic political consumption, he broached one delicate subject by telling the Japanese Ambassador there was room foc improvement in the treatment of Korean nationals living in Japan.

Modern Japan has generally escaped international scrutiny on the human rights score; only its refusal to open its doors more than the merest crack to accommodate Asian refugees has attracted a degree of criticism. But there is little doubt that the 700,000 Koreans resident in Japan, many of them from families brought over before and during the war when Korea was part of the Japanese Empire, are subject to both legal and social discrimination.

Many government jobs are denied to them, as is, in most cases, Japanese citizenship. Only this week a court in Tokyo upheld the practice of regularly finger - printing all foreigners resident here, regardless of birthplace and status in society. The plaintiff was a Korean businessman who was brought to Japan as a young boy no less than 47 years ago.

The Japanese value their sense of national uniqueness so highly there is virtually no domestic constituency in favour of making the country more of an ethnic melting pot. Indeed those Asians who have achieved immense popularity inside Japan—such sporting heroes as the Korean wrestler Rikidzan and especially Sadaharu Oh, the Taiwanese baseball legend — have done so in good measure by assuming an almost super-Japanese identity.

But commercial and cultural exclusiveness, real and perceived, can be two-edged swords. They have undoubtedly helped make Japan successful but they are targets for criticism, emerging from precisely those neighbouring countries which have tried to copy Japan and with which Japan wants, and even needs, continued good relations. This will not take the gloss off the Chun visit but it is food for mostly Japanese thought.

# Letters to the Editor

### Decision makers' indecision

*From the Group Pensions Executive, Allied Lyons*

Sir,—It is always interesting to compare people's actions with their stated intentions. Your report (August 29) on the survey by the Institute of Directors into portable pensions is a good example.

A reported 56 per cent of the 200 directors polled "would take advantage" of the portable pension proposals. Yet a National Association of Pension Funds survey shows that only 7 per cent avail themselves of the opportunity to pay additional voluntary contributions (AVCs).

Both portable pensions and AVCs are money purchse transferable personal contracts. What happened to the other 49 per cent?

Later in the report it is stated that 87 per cent approve of the proposals. How can this be? Surely these people are the decision makers and if 87 per cent approve, why are their companies not already making such arrangements? It is perfectly practical to do so and has been since 1956.

Then 25 per cent said "their company does not intend to implement" the proposals. Are one-quarter of our comapnies going to be personal pension Luddites?

Perhaps this survey is not only interesting, it would also be very worrying if the views of the IoD on pensions were thought to be of any valoe.

M. H. Oldfield.
*Allied-Lyons,*
*Denmark Street, Bristol.*

### We have ways of making you drive

*From Mr N. Wolfenden*

Sir,—Clocking up many thousands of motorway miles a year, both in this country and West Germany, I feel I must write to attempt to correct the impression Jonathan Carr gives of autobahn traffic in his article "West Germany in the fast lane" (Lombard, August 23), which could well discourage drivers from motoring in that country.

Far from being e "brutal helter skelter," autobahn traffic has always struck me as well disciplined and drivers are able to travel at higher speeds because they benefit from a lower density of traffic when compared with that in the UK and, generally speaking, carriageways in better condition and superior road information signs. (When did you ever see a sign indicating a stretch liable to damp, or ice or fog under certain conditions, or a windsock on an exposed road in the UK?)

Much of the eutobahn system has only two lanes, so the overtaking rule is to move out to overtake and get back in as soon as safety permits. If your correspondent fails to gauge the speed of faster vehicles behind him, be can only blame himself foc any black looks be receives. Quite simply, he should not have moved out!

Readers should go to West Germany and experience the beauty of motorway driving as it was intended—long stretches of road at higher speeds. Like me, when they return to this country, they will find our road system rather quaint and frustrating.

N. Wolfenden.
*56 Derwent Road,*
*Leighton Buzzard, Beds.*

### The miners and the media

*From the General Secretary, National Union of Journalists*

Sir,—This week's opinion polls and Mr Arthur Scargill's address to the Edinburgh Television Festival show a sharper, clearer conflict between the unions and the news media. It is tempting for the journalists' trade union to keep its bead down and stay silent, because if we speak out, it will either be to anger our own members or to alienate other trade unionists.

Yet stay silent is the one thing, in conscience, we cannot do. Whatever the Government's intentions, the result will not be simply to win an industrial dispute; it will be to destroy the miners' trade union. If that happens othec unions, including ours, will be weakened.

Newspapers can either take sides in this war, or they can report the news objectively. If the former involves journalists in making political judgments when they ought to be making news judgments, and it inevitably does, then we bave to condemn that.

Mr Scargill ought to acknowledge, though, that many journalists end many news organisations are trying to do an honest job of reporting the news. We can understand the difficulties for him on this. He does not want his members, or anyone else, to suffer from the illusion that they are getting the unvarnished, unslanted truth from the Daily Mail, The Sun, oc the Daily Express.

It is not easy to make fine distinctions between one sort of reporting and another. Those journalists who wish to distort and to damage the miners in public opinion succeed in mnddying all journalists. Bnt that is as bad for Mr Scargill's members as it is for mine.

Foc the rest of the dispute I bope two things will happen. I hope the NUM will make greater efforts to get its side of the story to the media. My union is willing to do all it can to help. Many journalists will welcome a bettec flow of information from the NUM side.

I bope our regions and NUM regions will come togethec as they have already done in some places to ensure a better understanding. Journalists covering miners' picket lines are not necessarily there to find the one story that will reflect badly on the miners and ignore everything else. Some of them have suffered on NUM picket lines for the sins of the few. These scenes, if they escalate furthec, will damage the NUM, the NUJ, and the cause of truth.

Kenneth B. Asbton,
*314-320, Gray's Inn Road, WC1.*

### Deflationary forces

*From Mr R. Sour*

Sir,—In their article (August 20) entitled "When a fall isn't a fall," John Edwards and Anatole Kaletsky bave made a basic statement that must be challenged and have succeeded in ignoring basic deflationary forces that have considerable bearing on the longer term pricing of commodities.

In the measurement of commodity prices, "the dollar," they aver, "is an inappropriate unit of valne." As has often occurred through history, one nation'a currency has once again become the principal medium for international dealings. It is now cleacly the turn of the U.S. dollar. Messrs Edwards and Kaletsky, noting that the U.S. consumes substantially less than half of any metallic or agricultural commodity, assume that the U.S. currency sbould bave proportionally little bearing. There is no discussion of oil pricing in their article, oil being a more obviously dollar-denominated commodity.

No understanding is apparent of the relationship between the world's debt and commodity prices. The largest bnlk of the $800bn of international debt is denominated in dollars. At the same time, nearly all those countries who are in financial difficulty can only earn foreign exchange through the sale of commodities. To the extent they sell commodities for the hard currencies of other nations the more pressure is pnt on those currencies as they are sold foc dollars. For the time being at least it is the dollar, not love, that makes the world go round.

At bome the dollar is being created at a miserly rate. M1 growth at abont 7 pec cent is not supporting the growth of our own nominal GNP at close to 11 per cent. No wonder the dollar is "dear" and interest rates fairly high.

At the same time the direction of the international flow of the dollar has taken e 180-degree turn. Bankers in New York, Chicago and San Francisco were once only too happy to lend money to any overseas visitoc with the price of a round trip ticket. Today, those bankers want to see some of those dollars come home. They are fast learning that they won't get any back unless they give out more, bnt at least they're being very stingy about it.

The slow growth in the U.S. money supply and the high level of interest rates are likely to further slow the growth of the U.S. economy. Our current trade deficit, running et a rate exceeding $100bn a year, is likely to narrow. What will be the effect on the much heralded but barely noticeable European economic recovery whose strength is supposed to buoy commodity prices?

The supply and demand for commodities are but a part of the equation. The supply and demand foc money, now dollars, are key determinates.

The U.S. bndget deficit is the last remaining engine of inflation. Already substantially lower than estimated six months and a year ago, it is undec heavy political attack and its relative size and infiuences are likely to diminish. Heaven help us all if that budget is balanced in the next few years!

Inflation rates in colones, pesos, dinars, lira, and quintales are all irrelevant. If world-wide debt were denominsted in bolivares the problem would be quite different. Messrs Edwards and Kaletsky and even Mr Samuel Brittan have failed to appreciate that dollar inflation is yesterday's issue.

R. Thomas Sour.
Gruntal & Co Inc,
*14 Wall Street,*
*New York, NY 10005.*

### Price sells in accountancy

*From Mr M. Ferry*

Sir,—I read (August 30) with interest of the proposed merger between the accountancy firms of Price Waterhouse and Deloitte Haskins and Sells. Could I be the first to suggest the name "Price Sells" foc the new partnership. It might assist in improving the commercial reality of the profession which is long overdue.

Martin Ferry,
*Hurst Cottage,*
*Henley-in-Arden, Warwickshire.*

# FINANCIAL TIMES

Friday August 31 1984



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MITTERRAND IN RABAT TO DISCUSS LIBYA-MOROCCO UNION TREATY

## Action close on N. Africa accord

BY PAUL BETTS IN PARIS, RICHARD JOHNS IN TRIPOLI AND FRANCES GHILÈS IN RABAT

PRESIDENT François Mitterrand paid a surprise visit to Morocco yesterday for private talks with King Hassan as Morocco and Libya prepared to approve a treaty of union in the next two days.

France has 3,300 troops in Chad, helping the Government there resist rebels backed by neighbouring Libya. Although it has not expressed opposition to the proposed union and has good relations with Morocco, observers believe the union could have important implications for the French Government.

Under the treaty, signed earlier this month by King Hassan and Colonel Muammer Gadaffi, the Libyan leader, aggression against one of the countries constitutes an attack on the other.

M Mitterrand's visit coincides with a visit to neighbouring Algeria and Tunisia by M Claude Cheysson, French Foreign Minister, and with a wave of public indignation in France over the deaths in custody in Morocco of several students jailed after riots there last January.

Moroccans are to vote in a referendum today on the union proposal, which had already been debated by local people's congresses in Libya. Col Gadaffi is anxious that King Hassan attends tomorrow's anniversary celebrations in Tripoli of his 1969 revolution at which he is likely to announce formal approval of the treaty.

As part of the agreement, Libya is believed to have undertaken to help its prospective partner by funding economic joint ventures between the two countries, providing oil on preferential terms, and easing unemployment problems in the Kingdom by engaging Moroccan labour. Workers are already queuing at the Libyan Consulate in Rabat for work permits.

Diplomats in both countries regard the planned union with a fair degree of cynicism although the French and the Americans are more concerned. They emphasise the lowest common denominators underlying the accord – the bad relations of both countries with Algeria and their relative isolation in the region.

From the Libyan point of view, the treaty is seen as affecting Col Gadaffi's frustration over Libya's exclusion from the alliance agreed last year between Algeria, Tunisia, and Mauretania. King Hassan is thought to have been quite as active as Col Gadaffi in concluding the treaty. In Morocco, the embarrassment caused to Algeria by the rapprochement is thought alone to have justified the exercise.

M François Mitterrand

Until the last moment, Col Gadaffi evidently hoped that his move towards unity with Morocco might lead to a wider grouping including all five states of the Mahgreb.

## Tiffany sold by Avon for $135.5m

By William Hall in New York

MIDDLE EASTERN investors are expected to take a significant stake in the $135.5m management led buyout of the 147-year-old Tiffany & Co., one of the world's most exclusive jewelery firms, announced yesterday.

Avon Products, the U.S. cosmetics group, yesterday agreed to sell Tiffany, whose headquarters on New York's Fifth Avenue is a landmark, to a group of investors led by Mr William Chaney, Tiffany's chairman.

Mr Chaney, who joined Tiffany from Avon in 1980, refused to disclose the names of the new investors in Tiffany but said that the Bahrain-based investment bank, Investcorp will participate in underwriting and placing the investment internationally, while Lehman Brothers will work with Tiffany management and Investcorp in the U.S. placements.

Tiffany management is expected to be the single largest investor in the firm and a "minority interest" will be placed with international investors.

Avon was understood to be asking about $180m for Tiffany, which earned $2.1m on sales of $125m last year. Several well known names such as Sears Holdings, a UK conglomerate, were known to be interested in buying Tiffany. In addition, several Middle Eastern investors were rumoured to be wanting to buy what is one of New York's most exclusive landmarks.

## Citroën output resumes despite disruption threat over job cuts

BY PAUL BETTS IN PARIS

THE CITROËN car plants near Paris reopened yesterday after the summer holiday closure despite threats by militant union leaders to disrupt production.

The pro-Communist CGT union opposes the company's decision to make 1,900 compulsory redundancies approved by the new Socialist Government earlier this month.

The redundancies are the latest in a series of labour cuts at Peugeot, the troubled French private car group which owned the Peugeot, Talbot and Citroën marques. They are part of the company's efforts to cut losses totalling about FFr 8bn ($906m) for the last four years.

In an effort to avoid repeating the violent labour clashes at Talbot early this year over redundancies, Citroën has taken extremely tight security precautions at its large plant at Aulnay sous Bois near Paris.

The main gates of the plant were closed and workers had to enter through special grills at side entrances showing identity papers.

Aulnay, which employs a large number of North African immigrants, was occupied by union members this spring.

The largest number of Citroën layoffs involve the Aulnay factory where 886 workers have been made redundant and 1,500 have left either by taking special incentives or retiring early.

The trade unions have accepted layoffs as long as they do not involve compulsory redundancies. But the new French Government appears intent on adopting realistic industrial policies and has acknowledged the need for the French automobile industry to make large labour cuts to remain competitive.

The reopening of the Citroën plants was seen as a first test of the pro-Communist CGT union's attitude to the Socialist Government, which no longer includes Communist ministers.

The CGT has adopted a cautious posture although M Henri Krasucki, CGT secretary general, warned that the Citroën and Government decisions to make large redundancies was "dangerous and a source of social conflict."

A few scuffles broke out at Aulnay yesterday when some workers insisted on entering the plant by the main gates. The CGT also held a rally outside the factory although the company reported that 80 per cent of employees turned up for work.

Citroën refused to let the redundant workers enter the factory yesterday as the CGT had demanded.

The Citroën conflict comes at a delicate moment for Peugeot, where a top management reshuffle is expected.

## Paris compromise on private schools

BY DAVID HOUSEGO IN PARIS

THE QUARREL over the future of France's private schools, which precipitated the cabinet reshuffle in July, appears to have been resolved.

M Jean-Pierre Chevènement, the Education Minister, on Wednesday night put forward proposals which were welcomed by both the Catholic teachers' and parents' associations and supporters of state schools. He proposed abandoning the Socialist Government's original objective of a unified national education system and recognising a private system. The state, however, contributes the bulk of private education's finance.

This compromise, which has been achieved little more than a month after the new government of M Laurent Fabius took office, demonstrates the Socialists' anxiety for national reconciliation and to avoid a sectarian image. It is also an achievement for M Chevènement, who resigned after a difficult term as Industry Minister in March 1983, and is known to be a leading thinker in the party.

Ministers admit that the June demonstration in Paris of people supporting private schools was the decisive factor that led M Mitterrand to drop M Pierre Mauroy as Prime Minister.

Before the cabinet reshuffle, M Mitterrand countered his opposition, which had been demanding a referendum on the future of private schools, by proposing a referendum on personal freedoms.

## Handling of Novo results bruises image

Continued from Page 1

opening up of new markets, both geographically and in terms of innovative products. Until now, the stock market has been convinced that rapid expansion can continue into the medium term, and analysts have been encouraged by the company's executives to make confident projections about the next five years.

However, in the wake of last week's results, many analysts in London and New York are now assessing whether Novo is now encountering more serious resistance to its attempts to maintain and increase such large world market shares.

Certainly the analysts are aggrieved. "It is absolutely appalling," says one, tearing up a forecast of pre-tax profits of more than DKr 500m for the first half. "Investors are pretty irate," complains another.

According to Mr Kurt Anker Nielsen, the Novo executive in charge of investor relations, analysts could have predicted that the first half of the current year would be less buoyant than the second half, and one or two did. He admits, however, that there was an unexpected deterioration in sales growth in the second quarter, which became evident only after the analysts were last briefed in May and early June.

Moreover, the markets were not pleased that it took some hours for the Novo board to agree on a form of words to accompany the results on August 23. Consequently the statement came out after the European markets had closed.

Until now, Novo has not made a practice of commenting on prospects for shorter periods than a year. It seems to have underestimated the markets' reactions to short-term fluctuations, however, and it may now have to change its approach – not least because in accordance with the requirements of the New York Stock Exchange it will need to report on a quarterly basis from January-March 1985 onwards.

A number of factors led to the first-half slowdown. Most were known to investors, but their significance may not have been fully appreciated. For example, the deal with Connaught Laboratories through which Novo entered the Canadian insulin market will not produce its full benefits until the second half of this year, whereas extra costs were already being incurred in the first six months.

Inventory problems in the UK market for insulin may be only temporary, but there has also been a sharp slowdown in the vital U.S. market where, according to Mr David Dible of stockbroker Wood Mackenzie in Edinburgh, sales only rose 4 per cent in the second quarter. He deduces that the U.S. producer Lilly may be hitting back at the rising market share of Novo, which markets through Squibb in the U.S. For the full year, Novo's U.S. insulin sales growth might decelerate from 40 per cent to only 10 per cent.

Another U.S. problem has cropped up in the enzyme market, where an important customer, Archer Daniels Midland, has begun to make its own enzymes for some types of starch processing – producing half its requirements for production of high-fructose corn syrup and free alcohol at this stage.

That development seems to have sharpened competition in the whole starch-processing sector. On the other hand, U.S. demand for detergent enzyme is said to have been strong, although from a low base – only some 15 per cent of U.S. detergents contain enzymes against 60-70 per cent in Europe.

U.S. resistance to enzymes in detergents has its origin mostly in allergy scares in the 1970s. Novo has devised techniques such as encapsulation in protective layers to overcome this, but the problem recently surfaced again in the UK with the controversy over Unilever's New Formula Persil.

Overall, Novo remains confident that it can bounce back quickly from a disappointing first half, but it does not claim that it can return to the exceptional growth rate of recent years – peaking in 1982 – when sales climbed 25 per cent and pre-tax profits jumped by more than half.

According to Mr Nielsen, Novo has scaled down its sales growth projections from the 20-25 per cent range to around 20 per cent – and he admits that the company may narrowly miss even that target in 1984, although with a little more buoyancy next year.

Such a deceleration was bound to have an impact on the stock market rating of Novo. Perhaps more seriously, however, the markets are no longer willing to accept that the Novo management is closely in touch with changing patterns in demand for the company's products.

## World Weather

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Readings at mid-day yesterday.
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

## Cuts at Creusot-Loire

Continued from Page 1

of the new company. Fives will have the dominant voice in defining industrial policy, with a possibility of assuming majority control in a year's time.

Fives' share of the FFr 250m starting capital of the new company will be put up by its other partners, including Usinor, the loss-making state steel group, which will hold 15 per cent. The Government was keen to have Fives within the consortium to maintain the private character of the group, but Fives held out for heavy cuts in the workforce.

The other shareholders are the four nationalised banks, Crédit Lyonnais, Société Générale, BNP and Banque de l'Union Européenne.

The new company is to hold on to Creusot-Loire's subsidiaries of Neyrpic, the energy equipment manufacturer, and Clecim, which produces equipment for the steel industry.

It is to shed a large number of other subsidiaries, including Phoenix Steel in the U.S., Delattre-Levivier, the civil engineering company, Pinguely, the crane manufacturer, and Instruments SA, manufacturer of measuring equipment.

Paradoxically, the rail industry arm of Creusot-Loire, situated at Le Creusot, and Carel et Fouche, its wagon manufacturing subsidiary, are to be sold back to Schneider

## Insurers plan to raise shipping premiums

By John Moore in London

SHIPOWNERS face a big increase in insurance premiums for vessels following a decision by London insurers to raise the scale of rates that are set for the renewal of insurance policies on ships' hulls.

The move has been taken by the joint hull committee of the institute of London Underwriters. This committee is formed of representatives from Lloyd's underwriters and executives drawn from more than 100 insurance companies which are members of the institute. The decision to raise rates has been taken because "of the continuing very poor results in the hull underwriting market," the committee says.

Underwriters have been told to charge at least 10 per cent extra – on top of already agreed market increases – for shipowners with poor records. There is likely to be a big increase in the cost of insurance for shipowners.

Lloyd's and the London insurance companies insure about 40 per cent of the world's shipping fleets. Both Lloyd's and the insurance companies work closely with each other to establish rates at agreed levels which are expected to be followed throughout the market. Underwriters can raise their rates above the levels agreed, which are treated as a "minimum" rate.

The joint hull committee establishes a formula for setting rates which is based on the credit balance of an insured fleet. The credit balance is the difference paid by the shipowner for the insurance of his fleet and the claims paid out.

Under the revised rating scales an owner of a small fleet or just one ship, whose insurance claims were producing a deficit in the underwriters' balances of 25 per cent, would face 78 per cent increase in premiums. A small fleet with a break-even record under the revised scales will face an increase of 57 per cent compared with 48 per cent under the previous scales.

Fleets with good records, maintaining a credit balance of about 50 per cent, need not face any increases under the scale of rates.

Mr Dick Outhwaite, committee chairman, said there had been very few breaches of the understandings for setting rates in the market, as underwriters had largely followed the committee recommendations rather than undercut the rates to win business away from rivals in the London market.

"Over the last 12 months there has been a greater recognition that it made sense to keep within the spirit of the understandings to everybody's benefit. Certainly the committee has had fewer problems in the last 12 months than for many years," he said.

## British unit trust rejects SE changes

By John Moore in London

M & G Investment Management, the UK unit trust group and one of the biggest users of the British securities market, has told the London Stock Exchange that it should not be "panicked" into radical changes.

Mr David Hopkinson, chairman of M & G Investment Management, said today in a letter to Sir Nicholas Goodison, the stock exchange chairman, "Our view at M & G is that the stock exchange council would be wise to proceed at a measured pace, and should not be panicked either by the Government or the Bank of England or the powerful institutions into radical changes which would be difficult to reverse and to sort out if proved impractical in operation."

In his letter Mr Hopkinson, an influential personality in the London financial community, said the stock exchange should keep in mind that:

- Markets should be conducted to protect both private and institutional investors from fraud and false prices.
- The public should have confidence in the efficiency and probity of the stock exchange.
- The market should be organised to make it as simple as possible for smaller companies to raise new capital. It should also be organised to ensure sufficient market-makers so that liquidity in second, third and fourth line stocks does not dry up.
- The market should not be in such turmoil administratively that stock and share flotations are adversely affected.
- The market should not fall into the control of too few financial houses.

Mr Hopkinson is worried about the conflicts of interest which are likely to be created by the new structures being formed within the City as part of a financial services revolution.

## THE LEX COLUMN

## North Sea saved from minnows

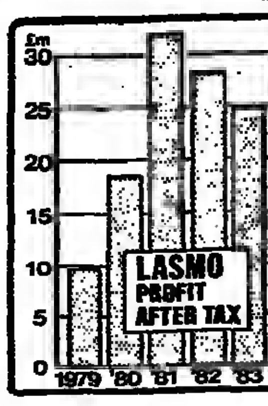
Finding and producing oil in the North Sea has been child's play for years compared with adjusting to the heavy swell and sharp climatic changes which confront the sector's tax accountants. Describing the offshore industry as a free market in these conditions may be a little disingenuous; but this is unlikely to restrain the City of London's criticism of yet another North Sea guideline from the Department of Energy as a diabolical act of heresy against the Government's own economic philosophy.

At least the guideline makes no bones about the Government's intent, to limit future transfer deals aimed solely at tax efficiency. And the consequence will presumably be a less complex fiscal environment than might otherwise have developed. Still, the motive of sheer administrative convenience could almost have been as important as any savings for the Exchequer.

Estimates of potential tax lost on the two major licence carve-ups to date have to take account of the fact that for many companies a liability has been deferred, not cancelled, and few actual beneficiaries would aspire to anything like total tax efficiency.

While quantifying the likely net losses on the Forties and Claymore deals is difficult in toto – anywhere from £¼bn to £½bn might be feasible – attempts to assess and compare the impact of the change on individual companies is probably wholly specious. One result of the North Sea's complexity, after all, is that there are hardly two companies to be found with the same approach to tax accounting and the point was heavily underlined by yesterday's results from Charterhouse Petroleum and Lasmo.

Charterhouse's conservative tax policies, taken together with some lavish depreciation charges, largely explain why the jump in the group's net income from £2.2m to £5.0m for the six months to June has fallen a little behind what the market expected after the leap in production levels. But Charterhouse's recent growth, which has exemplified the success of the most enterprising North Sea companies in exploiting the tax opportunities of the sector, has earned the group a convinced following in the City of London: the shares dropped only 4p to 142p. Now emerging as a full-blooded producer, Charterhouse may offer less exciting exploration prospects but ought to have enough upstream potential to keep its shareholders happy.




The difficulty of anticipating Lasmo's 1984 tax account, meanwhile, only adds to the academic nature of yesterday's interim results: they say less than does the group's successful exploration programme about its fast improving prospects. Pre-tax profits have stayed flat at £56.3m but could reach £125m or so for the year – and where this will leave net income is still anyone's guess.

### Fleet Holdings

Behind the brouhaha of bid rumours and bingo wars, Fleet Holdings is doing really rather well. As usual, the unsung hero in the second half of the year to June was the magazine division, which pushed its trading margin from 12 to a remarkable 17 per cent. But within the £8m jump in group full-year profit to £17.5m (not counting the £4.6m from Reuters), the national newspapers did very creditably, too. There second-half margin of 3.3 per cent might look poor by most industry standards, but in a Fleet Street context it is positively businesslike.

Whether it can be sustained in the current year is an open question. Given forward buying, the 7 per cent June increase in newsprint costs may not take full effect until the new year. As to the £1m bingo handout to which the group is committed in the immediate future, the effect on the p&l is very hard to judge. The group claims already to have paid out more than that on the Millionaire's Club game started last October; and given operational gearing, even a temporary rise in circulation can have an offsetting effect. More damaging than bingo, perhaps, is the possible effect on advertising revenues of miners' and dockers' strikes.

The shares, though, are looking as much to takeover as to trading. Mr Robert Maxwell, who recently bought the rival Mirror Group describes his 10 per cent holding as strategic; it is that with a vengeance. It being presumably out of the question for him to own Fleet, the question of whether to sell, and to whom, offers numberless permutations. Commercial logic might even suggest finding a buyer who would run Fleet badly, or one who would close the loss-making Daily Star, thus leaving the Daily Mirror a clearer field. The 5 per cent stake held by Mr Ashraf Marwan – an associate of the Observer's proprietor – suggests more combinations again.

In the absence of bid rumours, Fleet's shares might be worth something around their 170p asset value; as to their full bid value, guesses range as high as 250p. With the shares now at 200p, the market is evidently having difficulty in figuring the angles.

### Ladbroke

It is just as well for Ladbroke that its rights issue in June could be launched at the annual meeting, without need of a profit forecast. For the vagaries of racing form at the time were capriciously destroying margins in Ladbroke's betting shops, so that for the six months to July 3 the pre-tax total was a disappointing £14.2m, almost £2m below the 1983 figure. Of course Ladbroke's ability to recoup the damage during the rest of the year is scarcely in doubt; the odds against an efficient bookmaker having a prolonged run of bad luck are known to be astronomical.

In any case, the full-year outcome will reflect more faithfully some generally improving results in Ladbroke's other activities. Hotel occupancy levels have risen, and room rates have hardened sufficiently to close the gap which used to separate provincial from international tariffs.

If this trend holds up, Ladbroke will clearly feel encouraged to race full tilt into its programme of hotel development. And property development, after all, is providing an increasingly important slice of group earnings (as well as absorbing large amounts of cash). If it is now unlikely that Ladbroke will exceed £50m for the year, the shares at least have a forecast yield of more than 7 per cent to stop them drifting far below yesterday's 200p.



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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday August 31 1984



WALL STREET

# Premature arrival of Labor Day

THE RUN-UP to the Labor Day holiday weekend again took its toll on Wall Street financial markets yesterday, *writes Michael Morgan in New York.*

In the credit markets, prices of U.S. Government notes and bonds were mixed where changed in lacklustre trading, with many investors already absent.

The federal funds rate opened firmer at 11 9/16 and reached a high of 11 11/16 despite five-day system repurchase agreements by the Fed when the rate stood at 11⅝. By the end of trading, the rate was back down to 11⅝.

At the close, the Dow Jones industrial average was down 3.94 at 1,223.28 on volume that dipped to 71m shares from the previous day's 91m. Reflecting the broader market, the American Stock Exchange was down 0.19 at 214.64.

The Treasury's continuing funding operations provided additional restraint to the bond markets. Yesterday's offering of $8.25bn of one-year notes produced a yield of 10.84 per cent compared with the 10.79 per cent yield at the previous auction on August 2.

Yesterday's auction followed Wednesday's sales of $6.5bn in five-year notes which drew a stronger response from investors than expected.

In trading yesterday, the five-year note dipped 1/32 from the auction level to 99 27/32. Other short and intermediate coupon issues were narrowly mixed while at the long end, the price of the key Treasury long bond, the 12½ per cent of 2014, firmed 5/32 to 99 19/32.

The three-month Treasury bill dipped three basis points to yield 10.63 per cent while the six-month bill, yielding 10.74 per cent, was one basis point lower.

The opening level of 11⅝ per cent for federal funds compared with the previous day's lower closing level of 11 per cent which was attributed to activity on the last day of the two-week bank reserve accounting period.

Money market rates edged higher while corporate bonds were little changed in light trading.

On the New York Stock Exchange, oil stocks were among the most actively traded, amid the growing view that oil prices have now bottomed. Atlantic Richfield added $¾ to $50¾ after a block of 200,000 shares had been crossed at $50¼.

Standard Oil of Ohio was up $1⅛ at $48⅛, Exxon was unchanged at $43⅜ and Amerada Hess traded $⅜ higher at $28⅞ after a block of 144,000 was crossed at $29. Philips Petroleum added $⅛ to $39⅞.

Financial Corporation of America dipped $1 to trade at $5⅛ after a block of more than 1m shares had been crossed at $4¾. The decline came after reports that Federal regulators were drafting plans that could include a guarantee of all deposits at the troubled deposit-taking institution.

In the motor sector, General Motors traded unchanged at $72¾, and Ford added $¼ to $42⅞, despite being targeted by the auto workers' union for possible strike action next month. Chrysler added $½ to $29¼.

Ramada Inns, subject of recent takeover speculation, continued as an active feature but gave up $¾ to $7 following the previous day's $⅝ advance.

Teledyne traded down $1⅜ to $278½. Burroughs $1⅜ to $55¼, NRC $½ to $26¼, and General Dynamics $1¾ to $65.

Among aircraft manufacturers, McDonnell Douglas was off $¼ at $67½ while in foods, Carnation added $⅞ to $73¼ following press comment on continuing takeover speculation.

Colgate-Palmolive shed $⅛ to $23¼, Du Pont eased $⅛ to $49⅞ and Texas Instruments was unchanged at $144¾.

Of the most actively traded stocks on the American Stock Exchange, Dome Petroleum added $1/16 to $2 1/16, and Gulf Canada put on $⅛ to $14⅛ but Tie Communications dipped $⅛ to $13½.

EUROPE

# Aftershocks continue to be felt

THE AFTERSHOCKS of the West German metalworkers' strike continue to be felt. VW and Brown Boveri, the latest companies to attribute depressed results to IG Metall's action, helped push a featureless Frankfurt lower in thin trading.

The Commerzbank index slipped 1.4 to 987.2.

VW, which reported a higher first-half loss, shed DM 4.50 to DM 173, leading other car issues lower. BMW was DM 4.50 off at DM 383, Daimler DM 6 down at DM 543 and tyre maker Conti-Gummi 30 pfg lower at DM 114.30. Only Porsche held out, adding DM 1 to DM 980.

Brown Boveri's loss of DM 1.70 to DM 199.30, on news that its results would be affected by the metal strike, was unusual among firmer engineers. GHH added DM 3 to DM 138, Linde DM 4.50 to DM 363 and KHD DM 8.50 to DM 233 after forecasting a sales increase this year.

High-tech issues turned mixed after strong recent gains; IWKA rose DM 6.50 to DM 252.50 while Nixdorf shed DM 4 to DM 539.50.

Store group Horten lost DM 1 to DM 174 after BAT Industries said it would not be increasing its stake.

Bond prices firmed as investors continued to take heart from Wednesday's low inflation figures. The Bundesbank sold DM 45m in paper, against DM 48.7m the previous session.

Early losses in Amsterdam were partly recouped leaving most prices narrowly lower. The ANP-CBS index, calculated at midsession, rose 0.5 to 164.80.

Among insurers, Amev added Fl 2 to Fl 182 following better first-half figures, but Aegon, also announcing improved results, lost Fl 2.50 to Fl 115.50.

Bonds continued Wednesday's higher trend on the back of the successful state loan.

**Paris** ended mixed with a firmer bias. Poclain was the most active, adding FFr 5 to FFr 54.5. Roussel-Uclaf added FFr 50 to FFr 1,350, and Thomson-CSF FFr 8 to FFr 348 – both new highs for the year. Peugeot eased FFr 4 to FFr 211.

In **Brussels**, where prices ended steady, a mood of consolidation appears to have set in. Solvay drifted BFr 10 lower to BFr 4,265. Kredietbank gained BFr 50 to BFr 8,950, and Société Générale BFr 20 to BFr 8,990.

Selective buying sustained **Zurich** which ended firm. Electrowatt added SwFr 10 to SwFr 2,470 on results, Alusuisse SwFr 3 to SwFr 780 and Nestlé SwFr 35 to SwFr 5,445.

Bonds closed quietly mixed.

Volvo's lower than expected first-half report turned **Stockholm** lower, with the car maker shedding SKr 10 to SKr 241. Electrolux dipped SKr 1 to SKr 251 ahead of its sharply improved profits.

Novo Industri steadied at DKr 1,935 in mixed **Copenhagen** dealing.

**Milan** was firm as Fiat gained L50 to L4,540, Pirelli L25 to L1,895 and Montedison L2 to L1,254. Bonds were little changed in quiet trading.

All sectors except foods posted gains in a higher **Madrid**.

## AUSTRALIA

AWAITING signals from overseas bourses, most investors in Sydney stayed on the sidelines, and the All Ordinaries index closed 0.9 down at 734.8.

MIM Holdings, however, recovered 1 cent of the previous session's loss to end at A$2.98 after results, while other trading statements saw Peko-Wallsend unchanged at A$4.90 and C.J. Coles 5 cents up at A$3.97.

Mines yet to report were mostly easier, with CRA 4 cents down at A$5.24 and Central Norseman Gold 6 cents weaker at A$5.20.

## SOUTH AFRICA

A LACK of direction became apparent in Johannesburg gold shares in line with the bullion price.

Some leading mines, however, managed gains, with Buffels R1.25 up at R79.50, Free State Geduld 25 cents firmer at R51 and Driefontein 25 cents higher at R49.50.

De Beers was again sought after rising 15 cents to R9.10, although Barlow Rand slipped 20 cents to R11.80.

TOKYO

# Eight-day rally adds small gains

INCENTIVE-BACKED issues were the focus of attention in the absence of any strong motivation in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The overnight decline on Wall Street dampened investor enthusiasm with only Sony, Koycera, Sankyo and Tanabe Seiyaku making strong gains.

Despite the sombre mood, the Nikkei-Dow Jones market average was up for the eighth straight session with a rise of 8.38 to 10,588.27. Volume fell sharply to 288.37m shares from Wednesday's 390.43m.

The total gain of 100.30 points is much smaller than other eight-day rallies. Past gains ranged from a low of 164 points in June 1978 to a high of 520 points in March 1984 and averaged 278 points.

An official at Nikko Securities commented that the market is really "abnormal" and that many investors are staying on the sidelines for a lack of incentives.

Sony, which ranked second on Wall Street's active list on Wednesday with 1.72m shares changing hands, was bought early in the morning and rose Y140 to Y3,520.

Kyocera gained Y170 to Y8,400 on reports that it had scored a 74 per cent increase in consolidated pre-tax profits for the April-June quarter.

Sankyo gained Y12 to Y820 on increased recurrent profits estimated for the financial year ended last March. Dainippon Pharmaceutical and Tanabe Seiyaku also performed briskly, adding Y250 and Y35 to Y3,850 and Y1,000 respectively.

Blue-chip stocks eased across a broad front, with Hitachi losing Y7 to Y847 and Matsushita Electric Industrial Y10 to Y1,650.

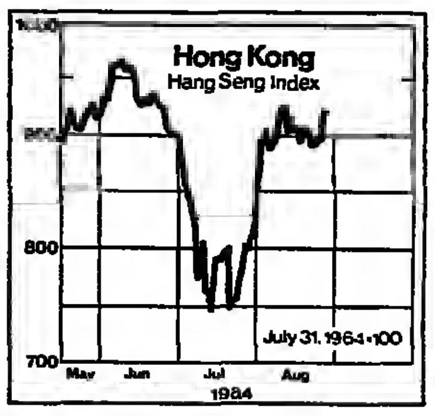
Buying interest centred on incentive-backed issues. Pacific Metal climbed Y37 to Y500 on a bout of speculative purchasing and topped the active list with 19.8m shares changing hands. Shoko added Y61 to Y700, Enshu Y44 to Y419 and Okamoto Riken Gomu Y34 to Y390.

The incentive-backed issues that had been favoured in the past few weeks lost ground. Mochida Pharmaceutical shed Y120 to Y9,230, Tohoku Metal Y70 to Y1,860 and Morinaga Y42 to Y560.

The bond market closed firmer with activity picking up slightly. As prices have been holding steady for nine days, some trust banks sold long-term government bonds with about nine years until maturity for profit-taking purposes.

The bonds were bought by city banks, long-term credit banks, and financial institutions serving the agricultural and forestry sectors.

The yield on the benchmark 7.5 per cent long-term government bond due January 1993 slipped to 7.215 per cent from Wednesday's 7.22 per cent.




## HONG KONG

PROPERTY shares sparked off a minor rally in Hong Kong amid suggestions that China will waive payment of land premiums in the colony after 1997.

The Hang Seng index closed 25.18 higher at 922.77 after being 1.17 off in the morning session.

Hongkong Land rose 18 cents to HK$2.90 while SHK Properties scored a 35-cent gain to HK$6.30. Cheung Kong, due to report first-half results on Monday, advanced 25 cents to HK$7.50.

Hutchison Whampoa, in which Cheung Kong holds a 40 per cent stake, added 50 cents to HK$11.

The firmness of properties spilled over into other sectors with banks well ahead. Bank of East Asia put on 20 cents to HK$19.50. Hang Seng was 50 cents dearer at HK$32.25 and Overseas Trust was 3 cents up at HK$2.80.

Elsewhere, Hongkong Electric was 10 cents higher at HK$5.80 while Hongkong Telephone, at HK$43.50, was one of the few shares to finish unchanged.

LONDON

# Ports put investors into storm

CONFLICTING signals from the capital's docks threw London markets into late confusion after a sedate opening.

Reports that the striking dockers had voted to return to work were swiftly denied by union leaders, leaving the situation extremely unclear.

Concern at the scale of disruption in the ports caused investment activity to contract sharply, with the easing of Wall Street overnight also prompting caution.

The FT Industrial Ordinary share index closed 2.7 up at 852.5 largely on brighter after-hours' trade.

Gilts ended narrowly mixed without arousing much interest.

*Chief price changes, Page 22; Details, Page 23; Share information service, Pages 24-25*

## SINGAPORE

COVERING interest and renewed buying pushed most shares up in Singapore with the Straits Times index 3.85 ahead at 928.62 on strong turnover.

Lee Kim Tah, the most active stock, added 12 cents to S$2.06, and Malayan United Industries gained 11 cents to S$2.80.

Pan Electric resumed trading after the acquisition of a major stake in a local property company. It peaked at S$2.91 before settling at S$2.85, up 5 cents.

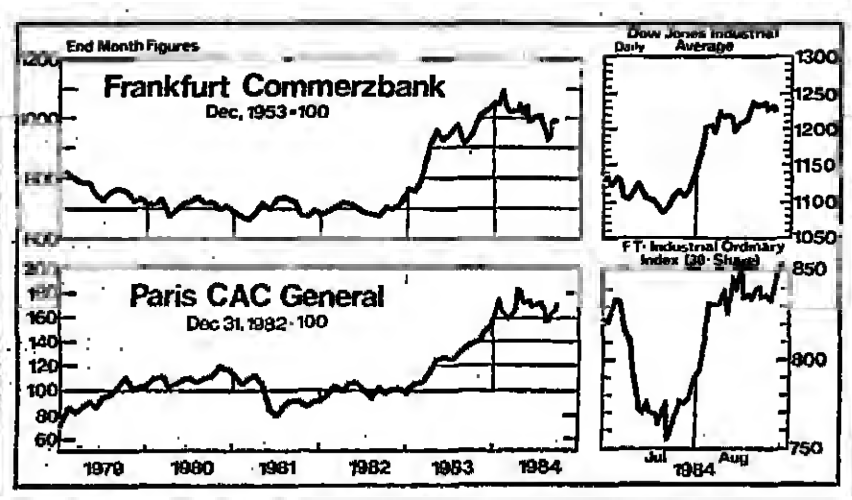
Elsewhere, National Iron rose 10 cents to S$4.30 while losers on the day included Fraser & Neave, 95 cents off at S$4.95, Straits Steamship, 4 cents down at S$2.14, and Malay Breweries, 10 cents cheaper at S$7.

## CANADA

A DETERIORATION in golds became evident in Toronto, but this was more than offset by stronger base metal shares and oil and gas issues.

Industrials in Montreal were firm but, despite a marginally improved banking sector, this was insufficient to offset the weaker trend in utilities.

## KEY MARKET MONITORS




STOCK MARKET INDICES

| | Aug 30 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1,223.28 | 1,226.92 | 1,196.04 |
| DJ Transport | 518.47* | 519.12 | 538.21 |
| DJ Utilities | 128.80* | 129.36 | 130.06 |
| S&P Composite | 166.85* | 167.09 | 162.58 |
| **LONDON** | | | |
| FT Ind Ord | 852.5 | 849.8 | 708.6 |
| FT-SE 100 | 1,101.9 | 1,098.0 | 984.2 |
| FT-A All-share | 518.62 | 516.13 | 451.35 |
| FT-A 500 | 562.54 | 559.31 | 489.09 |
| FT Gold mines | 569.4 | 564.0 | 672.5 |
| FT-A Long gilt | 10.58 | 10.56 | 10.81 |
| **TOKYO** | | | |
| Nikkei-Dow | 10,588.27 | 10,579.89 | 8,195.92 |
| Tokyo SE | 818.87 | 817.34 | 677.8 |
| **AUSTRALIA** | | | |
| All Ord. | 734.8 | 735.7 | 695.2 |
| Metals & Mins. | 461.9 | 464.4 | 594.9 |
| **AUSTRIA** | | | |
| Credit Aktien | 53.18 | 53.31 | 55.15 |
| **BELGIUM** | | | |
| Belgian SE | 156.61 | 156.56 | 132.69 |
| **CANADA** | Aug 30 | Prev. | Yr ago |
| **Toronto** | | | |
| Metals & Minls | 2,039.0* | 2,050.91 | — |
| Composite | 2,379.7* | 2,382.31 | 2,450.4 |
| **Montreal** | | | |
| Portfolio | 116.92* | 117.09 | 118.66 |
| **DENMARK** | | | |
| Copenhagen SE | 186.03 | 186.8 | 186.42 |
| **FRANCE** | | | |
| CAC Gen | 171.8 | 171.3 | 135.9 |
| Ind. Tendance | 111.1 | 110.7 | 85.6 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 340.04 | 340.96 | 309.47 |
| Commerzbank | 987.2 | 988.4 | 914.3 |
| **HONG KONG** | | | |
| Hang Seng | 922.77 | 897.59 | 971.08 |
| **ITALY** | | | |
| Banca Comm. | 221.52 | 220.18 | 201.91 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 164.6 | 165.8 | 138.1 |
| ANP-CBS Ind | 129.9 | 131.4 | 112.9 |
| **NORWAY** | | | |
| Oslo SE | 263.59 | 265.26 | 203.73 |
| **SINGAPORE** | | | |
| Straits Times | 928.62 | 924.77 | 988.12 |
| **SOUTH AFRICA** | | | |
| Golds | 994.2* | 994.2 | 955.1 |
| Industrials | 903.9* | 903.9 | 929.2 |
| **SPAIN** | | | |
| Madrid SE | 138.55 | 137.66 | 114.33 |
| **SWEDEN** | | | |
| J&P | 1,471.75 | 1,491.32 | 1,497.84 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 380.1 | 379.6 | 331.1 |
| **WORLD** | Aug 29 | Prev | Year ago |
| Capital Int'l | 185.1 | 184.8 | 176.1 |

GOLD (per ounce)

| | August 30 | Prev |
|---|---|---|
| London | $348.50 | $350.00 |
| Frankfurt | $347.50 | $350.50 |
| Zürich | $347.50 | $349.75 |
| Paris (fixing) | $349.14 | $349.53 |
| Luxembourg (fixing) | $348.80 | $349.20 |
| New York (Sept) | $347.60 | $350.90 |

* Latest available figure

CURRENCIES

| | U.S. DOLLAR | | STERLING | |
|---|---|---|---|---|
| (London) | Aug 30 | Previous | Aug 30 | Previous |
| $ | — | — | 1.311 | 1.3155 |
| DM | 2.8845 | 2.883 | 3.785 | 3.7825 |
| Yen | 241.2 | 240.6 | 316.25 | 316.5 |
| FFr | 8.8535 | 8.83 | 11.605 | 11.625 |
| SwFr | 2.404 | 2.39 | 3.1475 | 3.1475 |
| Guilder | 3.253 | 3.249 | 4.265 | 4.275 |
| Lira | 1789.5 | 1785.0 | 2347.0 | 2349.5 |
| BFr | 58.175 | 58.025 | 76.3 | 76.4 |
| C$ | 1.29825 | 1.29955 | 1.702 | 1.7065 |

INTEREST RATES

| | Aug 30 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 10⅝ | 10⅝ |
| SwFr | 4 11/16 | 5⅛ |
| DM | 5⅝ | 5⅝ |
| FFr | 11⅝ | 11⅝ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 12 | 12 |
| 6-month U.S.$ | 12⅛ | 12⅛ |
| **U.S. Fed Funds** | 11 11/16* | 11 |
| **U.S. 3-month CDs** | 11.50* | 11.45 |
| **U.S. 3-month T-bills** | 10.63* | 10.65 |

U.S. BONDS

| | August 30* | | Prev | |
|---|---|---|---|---|
| **Treasury** | Price | Yield | Price | Yield |
| 12⅝ 1986 | 99 29/32 | 12.54 | 99 29/32 | 12.52 |
| 13⅞ 1991 | 103 29/32 | 12.87 | 104⅛ | 12.84 |
| 12⅜ 1994 | 98 29/32 | 12.83 | 98⅞ | 12.81 |
| 12½ 2014 | 99 19/32 | 12.55 | 99 19/32 | 12.55 |
| **Corporate** | Price | Yield | Price | Yield |
| AT & T | | | | |
| 10⅜ June 1990 | 89⅞ | 12.90 | 89⅞ | 12.90 |
| 3⅞ July 1990 | 71.00 | 10.60 | 71.00 | 10.60 |
| 8¾ May 2000 | 72⅞ | 12.80 | 72⅞ | 12.80 |
| Xerox | | | | |
| 10⅞ March 1993 | 87⅞ | 13.15 | 87⅞ | 13.15 |
| Diamond Shamrock | | | | |
| 10⅜ May 1993 | 86⅝ | 13.25 | 86⅝ | 13.25 |
| Federated Dept Stores | | | | |
| 10⅜ May 2013 | 90.342 | 13.30 | 90.342 | 13.30 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 89.00 | 13.30 | 89.00 | 13.30 |
| Alcoa | | | | |
| 12½ Dec 2012 | 89.00 | 13.30 | 89.00 | 13.30 |

FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| Sept | 65-15 | 65-20 | 65-06 | 65-13 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| Sept | 89.60 | 89.63 | 89.57 | 89.61 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| Sept | 88.47 | 88.48 | 88.44 | 88.46 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| Sept | 88.34 | 88.38 | 88.32 | 88.32 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| Sept | 105-17 | 105-22 | 105-07 | 105-20 |

COMMODITIES

| (London) | August 30 | Prev |
|---|---|---|
| Silver (spot fixing) | 576.05p | 580.50p |
| Copper (cash) | £1,044.50 | £1,043.50 |
| Coffee (Sept) | £2,415.00 | £2,424.50 |
| Oil (spot Arabian light) | $28.05 | $28.05 |

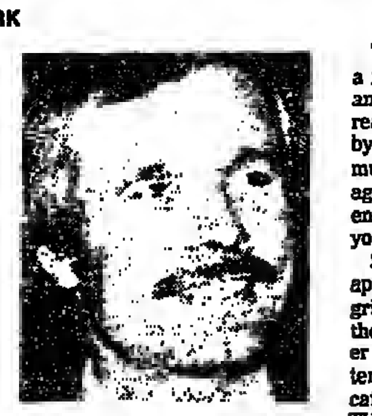
# Ted Turner moves into music video network

BY PAUL TAYLOR IN NEW YORK

TURNER BROADCASTING system, the U.S. cable television group run by Mr Ted Turner, will launch a 24-hour-a-day music video network in late October.

The move will provide direct competition for MTV, Music Television, the first music television channel, set up in 1981 by Warner/Amex, the cable TV joint-venture involving Warner Communications and American Express, and reflects the growing market for rock music video programming.

MTV went public last month when Warner/Amex sold 5.125m shares or a one-third stake in MTV Networks, the company which offers the music channel and a children's channel called Nickelodeon, for $15 a share. MTV Music Television reaches 19.3m households and became profitable for the first time this year. MTV is one of the few profitable cable programming networks in the U.S.



Mr Ted Turner: launching rival service

Mr Turner said his company would launch thn rival service, called Music Video Network, on October 26 with 5m subscribers and said he expected to see that number double over the first 12 months.

The move could signal the start of a fierce competition between MTV and Turner. MTV Networks has already responded to the Turner plan by announcing a second 24-hour music network aimed at viewers aged between 25 and 49. The present MTV channel is aimed at a younger audience.

Separately, MTV Networks, in an apparent move to consolidate its grip on the music video segment of the cable market, announced earlier this week that it had signed long-term contracts with Telecommunications, the nation's largest cable TV operator with 2.8m subscribers at the year end, to carry all three of its services, MTV Music Television, Nickelodeon and its as-yet unnamed second music channel.

Yesterday MTV Networks announced a similar agreement with American Television and Communications, another major cable TV operator.

## Ramada Inns in hotel sale and lease talks

RAMADA INNS, the Arizona-based motels and casinos operator, is discussing with its investment bankers the possibility of selling and leasing back its three-year-old Tropicana Hotel and casino in Atlantic City, New Jersey, AP-DJ reports.

The proposed transaction would shed Ramada Inns' largest single asset which was carried on the books as of June 30 at $281m. The figure represents nearly half Ramada's $599m in fixed assets, including other hotel properties.

The development cost of the 321-room Tropicana hotel and casino was about $308m in 1981.

## Brown-Forman down in first three months

BY DAVID BLACKWELL IN NEW YORK

BROWN-FORMAN, a leading U.S. distiller with brands including Jack Daniel's whiskey, Southern Comfort and Martell, suffered a fall in *first-quarter* earnings from $19.5m or 77 cents a share to $15.8m or 63 cents a share.

Revenues increased from $208m to $269m. Operating results of Lenox, the largest U.S. producer of China dishware which was acquired in July 1983, were not included in last year's *first-quarter consolidated* results. Earnings per share for the current quarter reflect the repurchase of about 327,000 shares of the company's common stock under a repurchase programme announced in June.

Mr W.L. Lyons Brown Jr, chairman and chief executive, said wine and spirit sales fell 1.5 per cent in the quarter, although six of the major brands *gained* in *worldwide* sales from wholesalers to retailers.

"Although May and June results in the mine and spirits segment were disappointing, the quarter closed *with* a *stronger domestic* sales performance in July. Our export sales showed a marked improvement throughout the quarter," he said.

## Hudson's Bay net losses mount

By Our Toronto Correspondent

*HUDSON'S BAY COMPANY*, the Canadian retailing group, suffered a C$105.9m *(U.S.$81.5m)* net loss, equal to C$4.90 a share, in the first six months of 1984, compared to a loss before extraordinary items of C$72.8m or C$3.50 a share in the same period last year.

The deterioration resulted mainly *from higher losses in* merchandising operations, higher interest charges and a C$35.1m *swing from* a tax credit to an income tax liability. On the other hand, earnings *from property* investments more than doubled as a result of land sales in the U.S.

Operating losses fell from C$6.1m to C$5.9m, while total *sales and revenues* rose by 12.6 per cent to C$2.1bn. Retail sales advanced by 8.6 per cent.

Mr Donald McGiverin, president, said, however, that keen competition had reduced keen competition had reduced margins. Merchandis*ing operations suffered a loss* of C$44m, about one-quarter higher than last year.

*Mr McGiverin said that* although Hudson's Bay normally earned the bulk of *its merchandising income* during the Christmas season, it would be "hard pressed" to *improve* on *1983's results* without a strong revival in consumer spending.

*The company posted a net* loss of C$18m last year, although the operating profit was *C$125m*.

## Security Pacific buys rest of Bank of Canton

By David Dodwell in Hong Kong

SECURITY PACIFIC, the *fast- growing Los Angeles* bank, has agreed terms on which it will acquire 100 per cent control of the Hong Kong-based Bank of Canton. The deal values Bank of Canton at HK$1.1bn (U.S.$140m).

Security Pacific bought a 69 per cent controlling interest in Bank of Canton in 1971. It is to buy the outstanding 31 per cent of the bank for a total of HK$356m.

Mr Richard Flamson, the U.S. bank's chairman and chief executive, said the investment reflected Security Pacific's confidence in the future of Hong Kong, and its commitment to the Pacific basin.

Bank of Canton has 16 branches in Hong Kong, and offices in Singapore, Malaysia, Thailand and Macao. Mr Ressel Fok, whose family has been associated with the bank for 50 years, will remain chairman. A company associated with Mr Fok will be entitled to buy a limited number of new shares in the bank, and can nominate up to four directors on its board.

Shareholders' funds in Bank of Canton at the end of 1983 amounted to HK$828.7m. Profits after tax were HK$90.1m.

## Strong advance at Perkin-Elmer

By Our New York Staff

PERKIN-ELMER, which makes a broad range of high technology products, announced profits for its fourth quarter ended July of $29.1m or 66 cents a share, against $16.5m or 38 cents. Revenues were up from $275.3m to $340m.

For the year earnings were $66.1m or $1.49 a share, against $50.2m or $1.15 last time. Sales rose from $1bn to $1.2bn.

The quarter includes a $11.6m tax adjustment gain, and a once-off charge of $6.2m. Without these items earnings for the quarter would have been 47 cents a share and for the year $1.30, increases of 13 and 24 per cent respectively.

## Kyocera lifts profits by 64%

By Our Financial Staff

KYOCERA, the Japanese microelectronics and ceramics producer, has reported a 64 per cent increase in its consolidated net income for the first quarter of the current financial year, ended June 30, from Y5.85bn to Y9.61bn ($40m). At the pre-tax level, profits were up from Y12.36bn to Y21.5bn on sales up from Y48.97bn *to* Y75.23bn.

The Kyoto-based group enjoys an estimated 70 per cent share of the world market for ceramic integrated circuit packages. It also announced that because of strong demand for its fine ceramics and electronics component products, the parent company profits forecast for the current year, to March 31, was being raised from Y30.5bn to Y33.4bn.

During the first quarter, parent company net profits rose to Y7.95bn from Y5.17bn a year earlier.

# Norwest sacks mortgage chief after hedging reverse

BY WILLIAM HALL IN NEW YORK

NORWEST, the Midwest banking group, has lost $30m on interest rate hedging operations and has dismissed the top executive of its Norwest Mortgage subsidiary, the second biggest mortgage banker in the U.S.

Norwest, which has been among the most aggressive U.S. banking groups expanding into non-traditional financial service areas, announced yesterday that it would record an after-tax charge of $30m in its third quarter, primarily because of losses and fees in hedging transactions which were not offset by corresponding increases in the market value of mortgage.

The group, which earned $32.4m in its second quarter, says that the charge will be "significantly reduced" by after-tax gains from the sales of more than $2bn of mortgage servicing.

Norwest, the 18th biggest *banking group* in the U.S., with assets of $21bn, also announced that Mr David Beal, who has *headed* the *mortgage banking* operation for more than a decade, had been replaced by *Mr Richard Levitt*, Norwest's vice-chairman. The latter will run the operation until a permanent successor is found.

Norwest Mortgage, which operates 54 offices in 21 states, has been one of the fastest growing mortgage banking operations in the U.S. Its executives have said that its aim is to become the number one mortgage banker in the U.S., a position currently held by Dallas-based Lomas & Nettleton Financial.

*After giving effect to the sale* of the $2bn of mortgage servicing, Norwest's mortgage servicing portfolio will *approximate* $12.5bn.

## Increased earnings at Litton Industries

By David Blackwell in New York

LITTON INDUSTRIES, the U.S. defence and electronics group, lifted earnings from continuing operations in the fourth quarter ended July 31 from $69.1m or $1.61 a share to $73.9m or $1.72. In the year ago quarter a loss from discontinued operations made a final net of $63.6m.

For the year, earnings from continuing operations rose from $250.9m or $5.84 a share to $277.4m or $6.46. A $35.9m gain from discontinued operations made a final net of $313.4m this time, while a $19.4m loss from discontinued operations in the previous year made the final net $231.6m.

Revenues in the quarter rose from $971m to $1.15bn. For the year revenues were up from $3.96m to $4.6bn.

## De Havilland seeks new chief

BY BERNARD SIMON IN TORONTO

*DE HAVILLAND* Aircraft of Canda is to recruit a chief executive as part of efforts to revitalise the *loss-making* commuter aircraft manufacturer.

The state-owned company's *controlling* shareholder, Canada Development Investment Corporation (CDIC), said De *Havilland's* president *and chief* executive, Mr John Sandford, had been appointed vice-chair*man* with special responsibility for marketing the new 36- passenger Dash-8 aircraft. CDIC officials would run the company until a new chief executive was appointed.

De Havilland reported a C$14.6m (U.S.$11.2m) second quarter loss yesterday, bringing its loss for the first six months of 1984 to C$16.5m, compared with a C$76.6m loss in January-June 1983.

Mr Joel Bell, CDIC's president, ascribed De Havilland's continuing losses to development costs of the Dash-8 and weak markets for the aircraft. He said: "The company faces *serious problems* that require further reductions in operating costs, a broader range of product *and activity and additional* equity financing."

Mr Bell forecast earlier this year that De Havilland's losses would reach C$200m over the next 10 years.

First deliveries of the Dash-8 are scheduled to take place towards the end of this year. De Havilland currently has 17 firm orders for the aircraft, plus 36 options and 34 orders in the final stages of negotiation. In addition, the company is restarting production of its popular Dash-7 and twin Otter models. These programmes have enabled it to increase its workforce by 15 per cent since April.

De Havilland's sister company, Canadair, whose senior management has also been restructured since it was taken over by *CDIC in late 1982*, posted a C$12.3m profit in the second quarter. Canadair thus had *a small profit, of C$1m, in* the first six months, compared to a first-half loss of C$52m.

The improved results are mainly because of the sale of three Canadair Challenger executive jets from invantory and a substantial drop in operating expenses. Fifteen Challengers have been sold so far this year. The company said that it expects to remain profitable for the remainder of this year and throughout 1985.

An extensive restructuring earlier this year left Canadair with virtually no debt and a positive net *worth of C$179m*. Its debt, totalling more than C$1.1bn, was hived off into a separate *financial company*.

## Starship pioneer quits Beech Aircraft

BY OUR NEW YORK STAFF

MR LINDEN BLUE, the man behind the Starship, Beech Aircraft's advanced executive aircraft which is due for certification in 1986, has resigned as president and chief executive of the Wichita, Kansas, company.

He had held the posts for the past two years. In addition, Mr Blue, 48, has resigned from the boards of both Beech, and Raytheon, the major U.S. defence, aerospace and energy services company. Raytheon bought Beech in 1980, when it was highly profitable. But last year Beech earned only $14m on sales of $641.9m, down from profits of $61m in 1982 and $124m in 1981. Analysts say that Mr Blue's resignation does not come as a surprise.

Mr D. Brainwerd Holmes, president of Raytheon and chairman of Beech, noted that under Mr Blue the industry's most advanced executive aircraft was introduced. It was now in advanced development.

The Starship has 7ft tail fins at the end of each main wing, and extra pair of wings under the cockpit and no tail. Its turboprop engines are mounted backwards, pushing rather than pulling the aircraft, and give it a top speed of 400 mph.

Mr Blue's successor as president and chief executive at Beech is Mr James S. Walsh, a vice-president of Raytheon who had served as general manager of Raytheon's electromagnetic systems division before becoming senior executive vice-president and chief operating officer of Beech in June.

## UK acquisitions by Acme-Cleveland

By Our New York Staff

ACME-CLEVELAND, the U.S. machine tool and electronics group, said it had acquired two small British manufacturing companies for $4m in cash.

The two companies, *Spline* Guages and its affiliate, Piccadilly Precision Engineering, of Tamworth in the Midlands, are market leaders in the manufacture of guages and other products which control accuracy in the production of high-precision gears.

Acme-Cleveland, which reported a $32m loss on sales of $173m last year and has been undergoing a major restructuring, said the equipment made by the two companies is used in almost all manufacture of high-precision gears.

Both UK companies will continue to be run by Mr Kenneth Foster, their principal shareholder. Spline Guages employs 76 people and Piccadilly Precision has 11 workers.

The deal represents the first major investment by the Ohio-based group in the UK. Both UK companies will become part of Acme-Claveland's M and M Precision Systems division and are expected to add about $3m a year to sales. The U.S. company said their acquisition represented a further push into the expanding market for precision control equipment.

# INTL. COMPANIES and FINANCE

HK$900m RESCHEDULING SOUGHT

## China Cement close to debt deal

BY DAVID DODWELL IN HONG KONG

CHINA CEMENT, the Hong Kong venture jointly owned by Kaiser Cement of the U.S., Cheung Kong and Green Island Cement in Hong Kong, and the mainland Chinese - controlled Kui Yip, has confirmed that it is negotiating with bank creditors on the rescheduling of debts amounting to about HK$900m.

The disclosure follows announcements by Green Island and Kaiser Cement during the past week that they are writing off the balance of their investments in the troubled company, amounting to more than US$70m.

China Cement said yesterday that it had been negotiating a rescheduling of debts since March this year. Its main creditor is Chase Manhattan Bank, which in January 1980 arranged a HK$617m syndicated loan for the company. In May 1982, it arranged a second syndication worth just over HK$250m.

The company said it had not reached agreement with creditors on a rescheduling, but was confident that agreement was possible. China Cement's plant at Castle Peak in Hong Kong's New Territories came into operation in 1982, just as the local property market collapsed. Since then, local construction activity has slowed to a trickle.

In addition, severe competition for international cement orders has depressed prices to a level where China Cement cannot generate the cash to service its debts, the company said.

The seriousness of China Cement's trading problems came to light a week ago when Green Island Cement, Hong Kong's other main cement manufacturer, which has a 20 per cent stake in China Cement, announced an attributable loss for the first half of 1984 of HK$120m. It has written off the balance of its HK$98m investment in China Cement.

Green Island Cement's parent company, Cheung Kong, is due to announce its half-year profits next week, and is expected to make similar provisions against its 20 per cent holding in China Cement.

Kaiser Cement, which controls 40 per cent of China Cement through its subsidiary Kaiser Hong Kong, announced earlier this week that it would record a US$50m loss for the third quarter of 1984 as a result of making provisions against its investment in China Cement.

Kui Yip, which owns the remaining 20 per cent stake, has made no comment on the impact China Cement's problems are likely to create for the company.

## Conic plans to raise HK$ 200m

BY OUR HONG KONG CORRESPONDENT

CONIC INVESTMENTS, the troubled Hong Kong electronics group now effectively controlled by mainland Chinese interests, is planning to raise at least HK$200m to reduce debts, and as the first stage of a major financial restructuring plan.

The company came close to collapse in June this year when, after a three-week stock market suspension, it announced losses for 1983 after extraordinary items of HK$374m (US$48m). This included potentially irrecoverable debts of HK$217m owed by "a major shareholder."

Since June, Mr Alex Au Yan-din, founder chairman of the company, and six other board members have resigned. The new board, headed by Mr Chow Tak-Ming, who is also chairman of Peking - controlled China Resources' Metal and Minerals Company and of Sin King Enterprises, a joint venture company founded by the Bank of China, has issued writs against Mr Au and a number of his privately-owned companies for the recovery of debts.

Conic is Hong Kong's largest electronics group when taken together with its private associate, Honic. It was effectively rescued by mainland Chinese interests in January this year when a capital injection of HK$178m was made through Sin King Enterprises in exchange for a 34.8 per cent stake in the company.

Since June, a new board made made up mainly of executives from Sin King has been struggling to sort out the company's problems. The new fund-raising plan will almost certainly involve a further significant cash injection by the Bank of China, through Sin King.

Mr Chow said this week that Conic had loans and overdrafts outstanding at the end of last year of HK$583.17m. In the first seven months of this year, debt servicing costs amounted to HK$47m.

While refusing to confirm that any of the group's subsidiary operations will be wound up or cut back, Mr Chow said some subsidiaries were still making substantial losses.

Turnover for the group had risen to HK$922m in the first seven months of this year—a 46 per cent improvement on sales of HK$630m. However, he noted this improvement was almost entirely due to economic recovery in the U.S.

## Sharp rise in mid-term profit of ABC banks

By Mary Frings in Bahrain

ARAB BANKING Corporation in Bahrain has announced a mid-year profit of U.S.$69m for the ABC group of banks. This pre-tax consolidated figure is after allowing $12.3m for loan provisions.

These provisions are now to be made on a quarterly basis. Pre-tax prfits for the first half last year — before provisions — totalled $58m while profits for the whole of 1983 amounted to $107.4m.

The ABC group includes the parent company, Arab Banking Corporation of Bahrain, its subsidiary Arab Banking Corporation, Daus and Co. of Frankfurt in which ABC has a 93.5 per cent stake, and Banco Atlantico, the Spanish commercial bank, in which ABC acquired a 70 per cent shareholding in April.

Group assets rose by 21.5 per cent from $8.18bn in June 1983 to total $9.92bn at end-June 1984. The overall loan portfolio reached $4.04bn, compared with $2.95bn a year earlier.

## Keppel Shipyard dives into red

BY CHRIS SHERWELL IN SINGAPORE

KEPPEL SHIPYARD, the government - controlled Singapore ship-repair company and one of the island state's leading corporations, has plunged into loss, hit by adverse market conditions and sharply higher financial costs.

Results for the six months to June show an attributable loss of S$6.5m (U.S.$3m) after a S$13m group profit in the same period of 1983.

Keppel is Singapore's oldest shipbuilding and ship-repair company. Last year it acquired control of the troubled Straits Steamship from Ocean Transport and Trading in one of the country's largest takeovers, and it is known to have suffered digestion problems as a result.

The takeover resulted in some controversy within the Government, and in May Mr George Bogaars, the chairman, stood down in favour of Mr Sim Kee Boon, a former head of the civil service.

The directors acknowledge that the poor performance of the Straits group has contributed strongly to Keppel's results, - as have depressed freight rates which hit the shipping division. Other divisions turned in improved results, and both operating profit and turnover improved, the latter rising 52 per cent to S$405m.

Interest on borrowings, however, trebled to S$45.5m, and taxation of current profits was 61 per cent higher at S$11.2m. The directors say the proceeds of a recent rights issue will reduce financial costs, but they do not expect a significant improvement in performance for the rest of the year.

## G. J. Coles lifts dividend following bumper results

BY MICHAEL THOMPSON-NOEL IN SYDNEY

G. J. COLES, Australia's leading retailer, has turned in bumper net profits of A$107.6m (US$91.5m) for the year to June 30—28 per cent higher than in 1982-83.

The final dividend is 12 cents per share, lifting the total payout from 18 cents to 19.5 cents a share.

Sales rose 15 per cent to A$5.4bn, and could reach A$6bn in the current year, thanks to Coles' recent expansion, and to tax cuts in the budget last week, which are expected to boost consumer spending.

Coles presently enjoys 11 to 12 per cent of total Australian retail sales, against an estimated 7.2 per cent for its arch rival Woolworths (which is unrelated to Woolworth either of the U.S. or Britain).

Cotes opened 36 new stores in 1983-84, and closed 28. It now perates more than 900

## Weak rand and interest costs hit Sentrachem

By Jim Jones in Johannesburg

SENTRACHEM, South Africa's second targest diversified chemicals group, suffered from losses in its synthetic rubber operations and poorer sales to the agricultural sectorf in the year ended June.

Turnover of the group and its associates rose by 4.5 per cent to R842m ($543m) from R806m in the previous year. Pre-tax profit before financing costs rose to R108.6m from R104.8m.

Sentrachem suffered foreign exchange losses due to the rand's recent sharp decline. The provision for these tosses, combined with a significantly higher interest charge contributed to a pre-tax profit drop to R22m from R74.3m.

The directors are far from cheerful on prospects. They believe that the Afprene synthetic rubber manufacturing operation will continue to generate tosses, that interest charges will again increase, and that there will be a significant decline in private and public sector spending. Agricultural prospects are also uncertain.

An unchanged total dividend of 18 cents bas been declared though earnings fetl to 21.4 cents a share from 59.1 cents.

Sentrachem is an indirect subsidiary of Sanlam, South Africa's second largest insurance group.

## Amic expects little change

By Our Johannesburg Correspondent

ANGLO AMERICAN Industrial Corporation (Amic), the industrial arm of South African mining house Anglo American, has scaled down its earlier profit expectations for the current year.

The directors expect earnings this year to be much the same as those in 1983. Trading conditions are expected to become more difficult and profits will be affected by higher interest rates and the adverse currency situation.

In the half-year to end-June, turnover was R935m against R710m in the same period last year and R1.58bn for the whole of 1983. Pre-tax profit increased to R110.2m ($71m) from R90.3m. For the whole of 1983, pre-tax profit was R239.5m.

An unchanged interims dividend of 55 cents has been declared. First-half earnings rose to 149.5 cents a share from 133.4 cents. In 1983 earnings totalled 355.9 cents and a total dividend of 180 cents was declared.

# INTERNATIONAL COMPANIES and FINANCE

## VW deficit climbs to DM 162m at midway

BY JONATHAN CARR IN FRANKFURT

VOLKSWAGEN, the West German motor group, was deeply in the red in the first half of this year, after losing sales revenue estimated at DM 2.8bn ($971m) through the metalworkers' strike in May and June.

Group loss totalled DM 162m after one of DM 147m in the corresponding period last year. The parent company, Volkswagen AG, lost DM 131m after a modest profit of DM 11m before.

The strike was a special blow to VW, which had looked on its way to a profitable year at last – following overall losses of DM 300m in 1982 and of DM 215m in 1983 – with a strong first-quarter performance.

Sales in January to March were surging on virtually all major markets, the group showed a profit of DM 31m and the parent one of DM 46m. Then came the strike and an estimated production loss of 180,000 vehicles.

As a result, group sales were down in the first half by 7.9 per cent to 1m vehicles, with a drop of 13.7 per cent to 349,000 at home and one of 4.6 per cent to 691,000 abroad.

Production was also down sharply by an overall 11.5 per cent to 1m vehicles, based on a fall of 12.3 per cent to 653,000 at home and one of 10.1 per cent to 349,000 abroad.

Despite the fall, sales revenue in the first half was up by 10.6 per cent to DM 22.3bn, partly because of domestic price increases at the start of this year and partly because of the strong U.S. dollar against the D-Mark.

VW of America raised its first-half sales by nearly 35 per cent to 142,000 vehicles – but against that success the group suffered further setbacks in Latin America.

Dr Carl Hahn, chief executive, had already said the strikes would have a "negative influence" of DM 500m on group after-tax profits for the whole of 1984. As a result, he saw little hope of resuming dividend payments.

However, VW is striving hard to make up the lost ground – not least by working through the normal summer holiday period. Further steps to boost production are expected in the next few months.

## Kosmos doubles profits

By Fay Gjester in Oslo

KOSMOS, the Norwegian shipping and industrial concern, almost doubled operating profits in the first half of this year, compared with the same period of 1983. The improvement came from the group's industrial activities – particularly its newly-acquired forest products company, Saugbrugsforeningen – and its offshore platform and passenger shipping interests. Traditional shipping activities made a loss in the six months.

Group turnover reached NKr 1.168bn ($141.2m), up 39 per cent. Operating profits were NKr 127.7m, up almost 100 per cent, and profits before extraordinary items were NKr 46.8m, against a deficit of NKr 10.9m in January-June last year. Earnings from ship sales of NKr 132.4m brought the half-year profit total to NKr 179m, compared with only NKr 28m a year earlier.

The whole year profit, before extraordinary items, now seems likely to be about NKr 100m, topped up to NKr 250m, before allocations, by profits from ship sales. This would be about twice the 1983 final figure.

The half-year report says the group's financial position is good, with working capital amounting to around NKr 650m. Kosmos is to have a 25 per cent stake in an oil drilling and production rig which it recently ordered from Japan, in a joint venture with Norcem, another Norwegian industrial company with oil interests.

## IKB sees surge in its credit business

BY OUR FRANKFURT CORRESPONDENT

IKB (Industriekreditbank-Deutsche Industriebank) started the new year from April 1 with a surge in credit business with its mainly industrial customers, after raising profits and increasing dividend from 14 per cent to 15 per cent in 1983-84.

Dr Walter Krüger, managing board chairman, said new credit volume in the first five months totalled DM 1.27bn ($422m) – 20 per cent more than in the same period of the previous year.

Demand, primarily for investment finance, came from the mechanical engineering sector (especially machine tools companies), the paper industry and from trading and services customers.

Dr Krüger cautioned however, that the boost in credit business might not continue for the whole year. Many enterprises were in a strong cash position, while the metalworking and printing strikes in the spring might yet prove to have undercut the propensity to invest.

Dr Krüger underlined that there had been a further encouraging trend in the new year to demand for long-term credit. Only 3 per cent of the new business had been for short term loans.

IKB, often called the "entrepreneurs bank," was deeply concerned by the tendency during much of the recession for its customers (mainly medium-sized companies) to seek short-term loans in the hope that interest rates would soon fall.

Last year had already brought progress towards a more normal financing structure. While the bank's total credit volume rose by 3.4 per cent to DM 10bn, long-term lending was up by 7 per cent to DM 9.5bn while short and medium-term lending fell by more than one-third to DM 550m.

The bank raised its interest surplus by 13.1 per cent to DM 196.7m. From net profit up to DM 36.2m from DM 32.2m in 1983, a total of DM 12m is being added to reserves. The remaining balance sheet profit of DM 24.3m is being used for the increased dividend payout.

## Southmark investment group up

BY DAVID BLACKWELL IN NEW YORK

SOUTHMARK, the Dallas-based real estate investment group, boosted operating profits for its fourth quarter ended June from $22.9m to $25m or 58 cents a share. Revenues rose from $121.5m to $170.6m.

For the year, operating profits rose by 79 per cent to $68m or $1.71 a share, against $37.8m or $1.48. Revenues rose by 66 per cent to $481m from $289m.

After tax credit adjustments, final net for the quarter last time was $35.2m and final net for this year was $78m against $82.6m last year.

## Swedish shipping groups in downturn

By Kevin Done in Stockholm

TWO of Sweden's leading shipping groups, Saleninvest and Transatlantic, are suffering heavily from the continuing weakness of world shipping markets and are incurring large losses in major areas of their operations.

Saleninvest, which holds a dominant position in the world's refrigerated shipping market and is also involved in dry bulk cargo, oil tankers and oil drilling, warned in an interim report that it could run up a pre-tax loss this year despite substantial sales of ships, property and equity holdings.

The group's loss before ship sales and extraordinary income would be "considerable" in the full year.

Losses before ship sales and extraordinary income in the first six months of the year doubled to SKr 164m ($19.7m). The group's refrigerated shipping division, Salen Reefer Services, continued to be hit by over-capacity in the market and unsatisfactory freight rates.

The group saw a profit before tax and appropriations in the first six months of SKr 165m, down from SKr 303m in the corresponding period last year.

Transatlantic, the liner shipping group which earlier this year took over the crisis-hit Broströms liner operations, warned that it faced heavy restructuring costs over coming months. The benefits of the merger would not show through before 1985-86.

Operating losses this year were likely to be greater than earlier forecast, and Mr Peter Carlsson, managing director said the group was unlikely to be able to limit the loss this year to the SKr 65m (SKr 15m after extraordinary items) previously indicated.

### BAe space order

A CONTRACT awarded to British Aerospace Dynamics, to design, develop and manufacture a satellite transfer vehicle for use in the U.S. space shuttle, is worth $1m and not $1bn as reported in yesterday's Financial Times.

We apologise for the error, which occurred during transmission of the copy.

Naming BAe as prime contractor, Scott Science and Technology, the Californian client, stressed it had not put the contract out to tender. "We specifically chose British Aerospace because we do not know of any other company more qualified to do this," the company said.

## Electrolux increases earnings by 57% after restructuring

BY DAVID BROWN IN STOCKHOLM

ELECTROLUX of Sweden, which is bidding to become the world's leading manufacturer of white goods through a takeover of Zanussi of Italy, reports a sharp improvement in its first-half pre-tax earnings.

Income after special gains grew by 57 per cent to SKr 1.23bn ($148.2m) following an extensive restructuring which yielded a combination of SKr 283m in better operating results, with SKr 166m in lower financial costs.

Net sales of SKr 16.85bn were up by 12 per cent, adjusted for the sale of several subsidiaries. The major improvements were in the U.S. and Sweden, but advances were also made in Latin America and the Far East.

Electrolux has upgraded its annual forecast by SKr 150m to SKr 2.4bn from the SKr 1.7bn achieved in 1983, but warns that the growth in earnings will slow in the second half as the U.S. economic upturn levels off and the Euromarkets remain weak.

The U.S. accounts for 23 per cent of total group sales, while the European share is put at 66 per cent. Three-quarters of total turnover is outside Sweden.

Despite the weak trend in the European market, both sales and profits improved in the appliances sector, which accounts for more than half total group turnover at SKr 8.5bn. Strong increases were noted in the U.S. especially in microwave ovens, cookers and dishwashers.

Turnover and profitability also advanced in forestry, garden products, commercial appliances and, to a lesser extent, industrial equipment. The main sales growth was reported in the Gränges metals subsidiary, with turnover of SKr 3.8bn, up 22 per cent.

Return on net assets advanced from 17.5 per cent to 23 per cent. Earnings per share after calculated tax grew from SKr 15.35 to SKr 22.30. Capital expenditures and liquid assets remained roughly unchanged. The group posted a SKr 100m extraordinary item stemming from the sale of Gränges subsidiary in Norway.

Electrolux meets in London today with Zanussi's major foreign bank creditors in an attempt to persuade them to agree to terms of a rescue package for the financially-crippled home appliance manufacturer after nine months of negotiations.

Electrolux has already signed a conditional agreement with the Zanussi family and the Italian consortium Mediobanca for its initial acquisition of a 49 per cent stake, to be increased later to 75 per cent.

## Aegon and Amev plan to lift interim dividends

BY OUR FINANCIAL STAFF

AEGON and AMEV, the Dutch insurance groups, report higher profits for the first half of 1984 and both plan to increase their interim dividends.

Aegon has lifted net profits by 13 per cent to Fl 132m ($40.6m) while at Amev earnings have risen by 23 per cent to Fl 112.7m. Both groups expect higher profits for the whole of 1984.

Aegon, which resulted from the merger late last year of the Ennia and AGO groups, will raise its interim dividend from Fl 2.125 to Fl 2.30 a share. The Amev payment is increasing from Fl 2.60 to Fl 2.80.

Aegon's gross revenues from life insurance rose 12 per cent for the six months, while non-life insurance gross revenue was higher by 10 per cent. In the non-life business, Dutch activities recorded a profit despite poor motor underwriting.

Accident and health insurance overseas contributed a substantially larger profit, but this was countered by losses elsewhere, the company said.

For its part, Amev expects 1984 profit to be markedly higher than the Fl 208.6m earned in 1983. Aegon net profits totalled Fl 228m in 1983.

## Swedish gas group improves

BY OUR STOCKHOLM CORRESPONDENT

AGA, the Swedish industrial gas company, reports a strong improvement in first-half profits helped by better margins and a sharp recovery in its Frigoscandia refrigeration and cold-storage unit.

Earnings after interest costs grew 23 per cent to SKr 344m ($41.5m), and the group forecasts a 20 per cent rise for the full year to SKr 700m.

The company increased sales by 13 per cent to SKr 2.77bn, adjusted for the acquisition and disposal of subsidiaries.



## N. AMERICAN QUARTERLY RESULTS

**AMERICAN BAKERIES**
Bread, cakes

| Second quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 117.9m | 115.8m |
| Net profits | 2.6m | 1.9m |
| Net per share | 1.02 | 0.75 |
| Six months | | |
| Revenue | 272m | 265m |
| Net profits | 4.6m | 3.1m |
| Net per share | 1.79 | 1.20 |

**AVNET**
Electronic compts. distributor

| Fourth quarter | 1983-84 $ | 1984 $ |
|---|---|---|
| Revenue | 455.6m | 326.1m |
| Net profits | 23.9m | 15.9m |
| Net per share | 0.67 | 0.45 |
| Year | | |
| Revenue | 1.63bn | 1.16bn |
| Net profits | 86.8m | 50.4m |
| Net per share | 2.44 | 1.43 |

**BOMBADIER**
Transportation equipment

| Second quarter | 1984 C$ | 1983 C$ |
|---|---|---|
| Revenue | 98.7m | 91.5m |
| Net profits | 1.98m | 0.99m |
| Net per share | 0.25 | 0.16 |
| Six months | | |
| Revenue | 188m | 235.9m |
| Net profits | 3.24m | 3.01m |
| Net per share | 0.57 | 0.55 |

**DENNY'S**
Food

| Fourth quarter | 1983-84 $ | 1982-83 $ |
|---|---|---|
| Revenue | 307m | 272.9m |
| Net profits | 11.1m | 11.1m |
| Net per share | 0.72 | 0.73 |
| Year | | |
| Revenue | 1.22bn | 1.05bn |
| Net profits | 44.7m | 40.2m |
| Net per share | 2.90 | 2.67 |

**FIRST CITY FINANCIAL**
Diversified financial group

| Six months | 1984 C$ | 1983 C$ |
|---|---|---|
| Revenue | 320m | 323m |
| Net profits | *37.9m | 26.4m |
| Net per share | *1.88 | 1.58 |
| Assets | 3.2bn | 2.4bn |

*Includes $27.5m extraordinary gain

**GENERAL DEFENSE**
Defence products

| Second quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 36.2m | 26.1m |
| Net profits | 3m | 2.9m |
| Net per share | 0.37 | 0.34 |
| Six months | | |
| Revenue | 67.4m | 56.8m |
| Net profits | 6m | 5.5m |
| Net per share | 0.72 | 0.66 |

**PAY LESS DRUG STORES NW**
Drugstores

| Second quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 224.1m | 205.6m |
| Net profits | 5.9m | 4.8m |
| Net per share | 0.32 | 0.26 |
| Six months | | |
| Revenue | 420m | 400.6m |
| Net profits | 9.7m | 7.4m |
| Net per share | 0.53 | 0.40 |

**WESTVACO**
Pulp and paper

| Third quarter | 1983-84 $ | 1984-85 $ |
|---|---|---|
| Revenue | 446.1m | 369.4m |
| Net profits | 40.9m | 14.9m |
| Net per share | 1.45 | 0.55 |
| Nine months | | |
| Revenue | 1.3bn | 1.07bn |
| Net profits | 88.8m | 33.8m |
| Net per share | 3.15 | 1.25 |

**WICKES COS.**
Building materials retailer

| Second quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 805.5m | 782.7m |
| Net profits | 12.2m | 11.7m |
| Net per share | 0.85 | 0.81 |
| Six months | | |
| Revenue | 1.51bn | 1.4bn |
| Net profits | 6.1m | 3.9m |
| Net per share | 0.43 | 0.27 |

# UK COMPANY NEWS

## Low betting margins hit Ladbroke

DESPITE A £2m drop in pre-tax profits at the half-way stage, Ladbroke Group is expecting 1984 to be another good year. The interim dividend is the forecast 4.477p net on capital increased by the recent £54m rights issue.

Profits in the first half, to July 3, fell from £16.1m to £14.2m mainly as a result of an exceptionally low gross profit margin percentage earned in June by the UK betting shops, in contrast to the unusually high percentage in the previous June. Consumer electronics retailing also had a disappointing half.

Turnover from betting was buoyant. This was the case with the other major businesses of hotels and property, and they also showed very substantial increases in profit.

Mr Cyril Stein, chairman, says experience suggests that, taking the year as a whole, betting margins for 1984 should average up to normal levels.

He says the directors remain committed to the continued expansion of the major businesses. The hotels division will begin building a number of new units in the next two years, while the property side will continue to create new developments particularly in the U.S. It has recently contracted to purchase a 120,000 sq ft office building and the neighbouring the company's development of Barclays Bank International headquarters on Wall Street, New York. The purchase price is $14m and cost of refurbishment is put at $7.5m. On completion, the yield is anticipated to be 13 per cent.

The betting division expects its market share in the UK to rise to over 20 per cent by the time the Home Office eases some of the restrictions on customer services, following the recent passing of legislation.

In the half year the group produced a turnover of £453.8m, against £371.6m. Operating profit dipped to £18.8m, from £19.7m, while interest charges were up from £3.6m to £4.7m. The attributable profit is £8.2m (£10.4m) for earnings of 5.46p (7.04p adjusted) per share.

The chairman re-affirms the board's intention to recommend a final dividend of not less than 8.64p on the increased capital. From profits of £41.8m in 1983, the interim payment was 4.07p and the final 4.845p.

See Lex

Mr Cyril Stein, chairman of the Ladbroke Group—"looking for another good year"

## Lasmo foresees benefits from exploration

FIRST HALF net profits of London & Scottish Marine Oil (Lasmo) fell from a restated £16.9m to £13.2m, and this was reduced further by a £9m provision for deferred tax thrown up from this year's Budget changes. The interim dividend is unchanged at 4.5p per share.

Turnover for the six months to June 30 amounted to £110.7m, against £122.1m, and gross profits totalled £66.4m compared with £70.3m.

The taxable result was virtually unchanged at £56.3m (£56.2m) and was struck after interest payable of £6.9m (£5.8m), oil production stock provision of £3.1m (£4.7m), related companies loss of £1m (£600,000) and included other income this time of £3.8m.

During the second half of the year Lasmo plans to drill at least 30 new wells in the U.S. and a further 25 in Canada. Drilling will continue in Australia and in Indonesia with possibly five new exploration wells drilled on the Kakap, Malacca Strait and Madura concessions.

In Sicily the company expects to spud its first exploration well on block CR100, while in the UK it looks forward to the results of exploration and appraisal wells, particularly those on T Block, Joanne and Block 22/18.

The worldwide exploration programme, planned over the past few years, is bearing fruit. While still expecting substantial oil and gas production from UK fields, Lasmo's dependence upon the North Sea is being significantly reduced as new production in Indonesia, Australia, Canada and the U.S. comes on stream.

For the longer term Lasmo now has a "valuable international spread" of exploration acreage which, with reasonable success, should result in a steady increase in production.

The remainder of 1984 will see new production from the Lalang Field in Indonesia of over 6,000 barrels per day for Lasmo and increased production from the Beatrice Field in the North Sea.

For the first half of 1984, gross production of oil and gas totalled 37,300 barrels of oil equivalent per day. This is a reduction compared with last year due to the effect of the redetermination of Ninian interests in 1983.

During July, however, new production from the North Sea and Indonesia raised production to 43,000 b/d, the highest daily output Lasmo has achieved so far.

Capital expenditure in the first half of this year was £40m. In the second half it is expected to be around £56m. Cash flow for the year as a whole, after tax payments, is expected to exceed total capital expenditure.

Other income, following a redetermination of the participants' interests in the Ninian Field, Lasmo's entitlement to production and its obligation to meet field expenditure, was reduced from 9.27 per cent to 8.63 per cent. The new entitlement was applied to current production and costs from April 1, 1983, because of the change related to production and costs prior to that date.

Lasmo was required to repay its past overlifting of crude oil by underlifting 2.48m barrels in the 16 months commencing July 1, 1983. By the end of June 1984 2m barrels had been repaid.

Amounts refunded to Lasmo as a result of this redetermination relating to interest (£8.6m) and operating expenses (£2m), offset by additional royalty payments (£0.8m), have been included in earnings for 1983 and 1984 pro rata to oil repaid. Accordingly £3.8m was included in earnings for the six months under review (1983 nil).

This represents a change from the treatment adopted where redetermination refunds and charges were taken up in first half 1983 results but is consistent with last year's report and accounts.

It is expected that the payment on the oil production stock will amount to a net payment of 41.5p per 10p unit, after deduction of ACT or, where applicable, income tax (59.3p per unit gross).

The actual net payment in the corresponding period in 1983 amounted to 67.3p per unit (full year—112.2p).

In 1983, Lasmo changed its method of accounting for oil and gas expenditure from the successful efforts to the full cost basis. First half results for 1983 have been restated to reflect this change in accounting policy as follows:

Take operating as previously reported £53.6m and add amortisation of production assets £14.7m and exploration written off £24.3m then deduct amortisation of oil and gas expenditure of £25.3m. An additional charge to deferred tax of £5.4m resulting from this restatement has been reflected in the results for the first half of 1983.

See Lex

## Rock in black as remedial action pays off

A return to profits was achieved by Rock, a dealer in engineers' consumable supplies, in the first half of this year and the upturn is expected to continue in the second half.

The profit amounted to £22,852, against a loss of £119,550, with turnover ahead by £1.46m to £3.11m, reflecting the contribution of a full six months' trading from the companies acquired from Barbican in April last year.

Mr Robert A. Clarke, the chairman, says the profit stemmed from the reorganisation and rationalisation programmes effected by the new management.

There was again no tax charge. Earnings per 10p share are shown as 0.14p (loss 0.67p)—there is no dividend, the last being a 0.753p payment in respect of the nine months to end-December 1979.

Last year Rock incurred pre-tax losses of £274,186 following losses of £347,506 and £342,315 in 1982 and 1981 respectively.

## Glanfield progress continues

A SUBSTANTIAL increase in pre-tax profits and a return to dividend payments has been forecast for the year end by Glanfield Lawrence along with the interim results. For the first half of 1984 pre-tax profits rose from £62,000 to £89,000.

The last dividend was paid in 1980.

Turnover for the first half of this motor vehicle distributor and engineer moved up from £8.78m to £9.8m, excluding VAT.

In the last second half pre-tax profits came to £52,000 to give £114,426 (losses £518,375 for 15 months) for the year. The directors then predicted that profits for the current year would total not less than £250,000.

Although total new vehicle sales in August were below record levels achieved last year, and despite the continued miners' strike, Mr J. R. Glanfield, chairman, remains confident of a substantial increase in profits.

Earnings per 25p share for the six months were shown as slipping from 2.6p to 2.4p.

While turnover rose by more than 10 per cent, there was only a modest increase in trading profit due mainly to the continuation of an ultra-competitive vehicle market and the effects of the miners' strike—most of group operations being located in areas directly involved.

However, Mr Glanfield says that trading profits improved in both the motor and the agricultural, forestry and industrial products divisions and remained at satisfactory levels in the finance and property divisions.

In May, net proceeds of a recent rights issue were received and vehicle stocking facilities were re-negotiated on more favourable terms—both these factors helped reduce the interest charges paid. Interest costs fell from £181,000 to £169,000.

### ● comment

The miners' strike has knocked the stuffing out of Glanfield Lawrence's retail motor businesses, all but one of which are located near coalfields, and margins on fleet sales remain pitifully tight. The profits improvement comes thanks to a £60,000 turnround at the Wakefield and Burton-on-Trent dealerships following cost reductions achieved by new management, the abandonment of the loss-making British Leyland operation in Finchley, and a reduction in the industrial product division's losses. With the interest on the £665,000 rights issue cash and the first earnings from the new petrol station to come into the current half, Glanfield looks well on track to meet its £250,000 profits forecast. The shares rose 4p to 48p, 15.6 times prospective earnings, assuming a 35 per cent tax charge, which looks overvalued on trading grounds alone. Moreover, the likelihood that Christopher Selmes, who controls 29.5 per cent of the equity, will make a full bid seems to be receding. Indeed, Glanfield may well take advantage of the recent rise in its share price to make a paper acquisition of its own to reduce its dependence on the vagaries of the motor trade.



## First half profit cut at Johnson Cleaners

THE [illegible] Johnson Group Cleaners suffered a setback. This meant that profits from trading activities for the first half of 1984 were only maintained, and the pre-tax balance showed a reduction from £2.95m to £2.72m.

Trading activities contributed £3.02m (£3.03m) from sales of £31.21m (£26.57m). After a good start, sales and margins in retail dry cleaning in the UK have been adversely affected by the long period of hot weather and, in certain areas, the miners' strike. Textile rental sales and profit continue to improve.

The U.S. companies almost doubled their 1983 sales and are operating profitably. This was in part due to organic growth and in part to new acquisitions. Results include only two months of the Three G Corporation and do not include any contribution from JW Enterprises which came into the group after June 30.

A drain on the half-year profit was an increase in interest charges from £182,000 to £466,000. Tax takes £611,000 (£884,000) to leave the net profit at £2.1m (£2.07m), and there is an extraordinary credit £274,000 (£286,000) being surpluses on property sales.

The interim dividend is lifted to 3.18p net (3p). The 1983 total was 12.42p paid from pre-tax profits of £6.4m.

### ● comment

Just about as soon as the market's speculative scavengers had stopped picking over the prospects of more bids in the total cleaning sector, Johnson Group embarked on a trading period which turned progressively sour. The interim shortfall left the shares down 14p yesterday to 351p. While that reaction might look rather harsh, it may be difficult to get the Johnson Group story going again until the fruits of two years of increasing U.S. investment begin to ripen. Long-term followers of the UK dry cleaning market must know that growth is linked firmly to disposable incomes and the level of humidity and strikes have left their predictable mark on the interim p and l. The second half temperature has started sticky enough as to prolong doubts as to the level of second-half recovery and it is hard to see, in domestic terms, how much surplus the group can add to the marginal pound through increased marketing and innovation. Not so in the U.S. Here, the returns on a £10m investment are tantalisingly close to realisation and the true measure of Johnson's management is the extent to which it can hold the reins over a disparate collection of family enterprises acquired at various levels of partnership participation and commitment. Hold, but with some caution.

## Strong growth in Fleet's nationals and magazines

Fleet Holdings' mainstream activities, national newspapers and magazines, achieved strong profit increases in the 1983-84 year and, together with a £4.6m surplus arising from the Reuters flotation, the group's taxable result surged by £12.56m to £22.08m.

National newspapers, encompassing the Daily and Sunday Express, and Daily Star, contributed £3.43m more at £6.31m and magazine operations notched up a £3.24m advance to £9m. Taxable profits also benefitted from a £1.25m reduction to £605,000 in interest payable.

Shareholders are being rewarded with a more than doubled dividend of 5p (2.25p), following a 1.75p lift to 3.25p in the final payment.

Group turnover for the 12 months to June 30 totalled £324.52m, against £300.38m, with some £314.16m (£291.56m) accounted for by nationals and magazines.

Earnings per share climbed from 13.34p to 18.59p on after tax profits of £18.52m (£8.82m). The net result was slightly reduced by extraordinary debits of £275,000 (credits £2.44m) and after dividends the retained profit is £11.02m (£9.9m)—there was a £5.8m provision this time for deferred tax which was taken direct to reserves.

The national newspapers increase was achieved despite market conditions continuing to be highly competitive, both for circulation and advertising revenue. Costs were kept under tight control, reflecting realistic wage settlements, and the price of newsprint was contained. Turnover rose from £229.4m to £245.9m.

The regional newspapers showed little growth in contribution over last year with a £22,000 rise to £428,000.

In UK magazines both the business and consumer press made profit advances. The U.S. interests made a significant contribution, with Fodor Travel Guides experiencing another excellent year and the reshaped business magazine publishing group turning round to a modest profit. Magazine turnover amounted to £68.2m (£62.2m).

Other activities, being property, pushed operating profits up by £298,900 to £1.37m.

The company says that from the breakeven forecast made for the first nine month period to June 30 1982 the group has come a long way towards achieving its profit goals since it was established by demerger from Trafalgar House in February that year.

Indeed, the group made a profit in that first trading period of £2.9m from ordinary activities before tax and extraordinary items. The first full year's trading, to June 30 1983, saw the performance substantially improved and the latest year's trading result has moved ahead significantly again.

As a result of this profit performance and the incorporation of the value of the group's investment in Reuters the net asset value per share has risen from 62p in June 1982 to 170p in June 1984.

See Lex

**INDEX TO COMPANY HIGHLIGHTS**



## Restructure at Home Counties Newspapers

BY CHARLES BATCHELOR

Home Counties Newspapers (HCN) is reorganising its capital structure to increase the marketability of its shares.

Just over 57 per cent are currently owned by County Newspapers, a private group controlled by the Gibbs family.

This move, announced yesterday, coincides with a sharp increase in HCN's unaudited profit for the first half of 1984. Pre-tax profit rose to £621,000 from £134,000 on turnover 14 per cent higher at £6.63m.

The company has increased its interim dividend to 2.25p per share from 1.75p.

A new company, Home Counties Newspapers Holdings, has been formed to acquire the share capital of HCN on the basis of 16 Holdings shares for every 15 HCN shares.

County Newspapers, a private company owned by 15 members of the extended Gibbs family, which holds 57.2 per cent of HCN, will be liquidated and family members will acquire shares directly in the publicly-quoted Holdings group.

Mr William Gibbs, HCN chairman, said: "The usefulness of County has now disappeared. We have been looking for some time to improve the marketability of our HCN shares."

Other shareholders in HCN will increase their aggregate holding stake to 45.8 per cent from 42.8 per cent

To help maintain an orderly market in Holdings shares present holders have accepted limitations on the disposal of the shares to publication date of the 1985 accounts in early 1986.

The directors of HNC have agreed to accept in respect of their 0.7 per cent holdings while other shareholders owning 58.2 per cent haev also undertaken to accept.

HCN's two independent directors, Mr P. D. Mackay and Mr F. P. M. Johnston and their financial advisers Scrimgeour, Kemp-Gee, strongly recommend acceptance.

Barclays Merchant Bank is advising HCN.

## Stat-Plus ahead to £461,000 in buoyant market

The Stat-Plus Group, which supplies law and commercial stationery and came to the USM in May, has increased its profit from £402,000 to £461,000 in the half year ended June 30 1984, from turnover nearly £500,000 higher at £2.22m. The market remains buoyant and trading continues to be excellent.

The 1983 period contained an "exceptionally strong" second quarter, and did not have to bear interest on the cost of acquiring and fitting out the new headquarters, which amounted to nearly £800,000, the directors point out.

Borrowings have been reduced further. On June 30 they stood at £59,000, compared with £230,000 at end April and £483,000 at end 1983.

Tax takes £216,000 (£204,000) to leave the half year's net profit at £245,000 (£198,000). Earnings are shown at 3.4p (2.8p) and an interim dividend of 0.5p net is declared, as forecast. In the prospectus the directors promised a total of 1.8p for the year.

## Charterhouse hits at N. Sea plan

Charterhouse Petroleum, one of Britain's fastest-growing oil and gas companies, yesterday condemned government plans to impose new conditions on North Sea licences.

The group, which announced substantial increases in profit and turnover for the first half of 1984, intends to protest to the Department of Energy. Charterhouse managing director Mr Tony Craven Walker described the proposals as "lunacy."

The Government wants to stop companies from splitting up licences into smaller and smaller slices.

Since the 1983 Budget companies have been allowed to set North Sea exploration costs against petroleum revenue tax. As a result, companies with busy exploration programmes, including Charterhouse, have acquired production interests from companies less able to make use of the tax concession.

The department has said that in future a licence can be held by no more than 10 companies and a would-be seller will have to show that it made a significant contribution to exploration costs.

These restrictions could hit Charterhouse particularly hard since the company has developed expertise in putting together tax-efficient deals to fund its growth. Since the beginning of 1983, the group has acquired production stakes in the Forties and Buchan oil fields and the Dutch offshore P6 gas field.

The acquisition of production interests made by Charterhouse were the main reason behind an increase in net income for the period to the end of June from £2.21m to £4.96m, on turnover up from £9.14m to £38.12m.

Earnings per share were 70 per cent higher, despite a one-for-two rights issue in December which raised £38.7m.

It separately announced that it has bought a further 359,200 shares in Berkeley Exploration and Production, raising its holding to 18.5 per cent, for a consideration of 359,200 new Charterhouse shares.

The interim dividend is being held at 0.25p net per share. Last year's total was 0.75p on profits of £9.74m.

Pre-tax profits were £13.64m, up fro m£9.14m. Corporation tax, on a full deferral basis, came to £2.74m (£2.24m).

Petroleum revenue tax continues to be provided on the basis of the estimated total liability, but at £5.94m against £462,000 takes into account a forecast of future expenditure exploration.

See Lex

## Expansion by Stewart Plastics

Higher pre-tax prots of £2.81m against £2.56m have been produced by Stewart Plastics for the year to the end of April 1984. Turnover rose from £8.77m to £9.37m.

The total dividend has been lifted 20 per cent from 2.0233p to 2.428p by a higher final of 1.6367p (1.3639p).

Earnings per share of this company which makes plastic articles for domestic, horticultural and industrial purposes were shown as moving up from 6p to 6.9p.

Following increased cost of sales at £5.69m (£5.48m) gross profits came out up from £3.29m to £3.68m. Distribution costs rose from £978,259 to £1.1m and administration costs from £382,240 to £409,072. Net interest receivable was up from £633,068 to £638,099.

### J J & D FROST plc

**UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 1984**

| | 6 months ended 30th June 1984 £ | 6 months ended 30th June 1983 £ | Year ended 31st Dec. 1983 £ |
|---|---|---|---|
| Turnover (inc. VAT) | 42,787,202 | 25,943,257 | 61,361,615 |
| Profit before taxation | 614,636 | 405,289 | 831,430 |
| Taxation | (150,776) | (151,887) | (234,299) |
| Profit after taxation | 463,860 | 253,342 | 597,131 |
| Minority interests | (94,316) | (68,512) | (192,198) |
| Extraordinary item | — | (82,037) | (107,759) |
| Profit available for ordinary shareholders | 369,544 | 102,793 | 297,174 |
| Interim dividend 1.5p (1983: 1.0p) | (138,275) | (71,819) | (71,819) |
| Final dividend 1.3p | | | (119,826) |
| Profit retained | 231,269 | 30,974 | 105,529 |
| Earnings per share on weighted average based on 9,218,371 shares in issue | 4.01p | 3.58p | 6.66p |

**CHAIRMAN'S STATEMENT**

The increase in the interim dividend of 50% reflects the very strong activity in the first half of the year, as mentioned in the Annual Report.

Negotiations have already commenced with Elf on the supply and rental terms for fifty-one leasehold sites in Look Service Stations Limited, which are due for review in April 1985. I am unable to report to date the fruitful outcome of these negotiations and I will report in due course upon the result. Elf have stated in their 1983 Report and Accounts their policy for re-organisation in the U.K. retail sector and your company is actively pursuing alternative product supply for its new freehold site expansion in Honeyfall Limited. In the meantime, your directors consider it prudent to hold Elf to all its existing agreements.

The company remains profitable, liquid and strong. The prospects for the future remain as exciting as before.

30th August, 1984

### Granville & Co. Limited

Member of NASDIM

27/28 Lovat Lane London EC3R 8EB — Telephone 01-621 1212

**Over-the-Counter Market**

| 1983-84 High | Low | Company | Price | Change | Gross div.(p) | Yield % | P/E Actual | P/E Fully taxed |
|---|---|---|---|---|---|---|---|---|
| 142 | 120 | Ass. Brit. Ind. Ord. ... | 137 | — | 6.3 | 5.8 | 8.0 | 10.5 |
| 158 | 117 | Ass. Brit. Ind. CULS... | 142 | — | 10.0 | 7.0 | — | — |
| 78 | 55 | Airsprung Group ...... | 55 | — | 6.4 | 11.6 | 6.0 | 7.3 |
| 38 | 21 | Armitage & Rhodes ... | 37 | — | 2.9 | 7.8 | 4.6 | 7.7 |
| 132 | 57 | Bardon Hill ............ | 124 | — | 3.4 | 2.7 | 12.5 | 20.6 |
| 58 | 42 | Bray Technologies ...... | 42 | — | 3.5 | 8.3 | 4.9 | 7.0 |
| 201 | 176 | CCL Ordinary ............ | 176 | −1 | 12.0 | 6.8 | — | — |
| 152 | 118 | CCL 11pc Conv. Pref.... | 118 | −1 | 15.7 | 13.3 | — | — |
| 540 | 100 | Carborundum Abrasives | 540 | — | 5.7 | 1.1 | — | — |
| 245 | 98 | Cindico Group .......... | 98 | −1 | — | — | — | — |
| 69 | 45 | Deborah Services ...... | 66 | — | 6.0 | 9.0 | 35.3 | 57.5 |
| 235 | 75 | Frank Horsell ......... | 235 | — | — | — | 8.4 | 12.4 |
| 206 | 75½ | Frank Horsell Pr Ord 87 | 206 | — | 9.6 | 5.7 | 8.3 | 10.8 |
| 69 | 25 | Frederick Parker ......... | 25 | — | 4.3 | 17.2 | — | — |
| 39 | 32 | George Blair ............ | 35 | — | — | — | — | — |
| 80 | 46 | Ind. Precision Castings | 48 | — | 7.3 | 16.9 | 12.7 | 15.5 |
| 215 | 200 | Isis Ind. Services ...... | 200 | — | 15.0 | 7.5 | — | — |
| 124 | 61 | Jackson Group ........ | 110 | — | 4.9 | 4.5 | 5.1 | 9.5 |
| 231 | 213 | James Burrough ......... | 231 | — | 13.7 | 5.8 | 5.2 | 8.2 |
| 92 | 83 | James Burrough 9pc Pf. | 87 | — | 12.8 | 15.8 | — | — |
| 145 | 100 | Linguaphone Ord. ..... | 145 | — | — | — | — | — |
| 100 | 96 | Linguaphone 10.5pc Pf. | 96 | — | 15.0 | 15.6 | — | — |
| 441 | 275 | Minihouse Holding NV | 441 | — | 3.8 | 0.9 | 31.7 | 34.7 |
| 176 | 51 | Robert Jenkins ......... | 51 | — | 20.0 | 39.2 | 5.5 | 4.0 |
| 74 | 47 | Scruttons "A" ......... | 47 | −1 | 5.7 | 12.1 | 24.7 | 5.7 |
| 120 | 61 | Torday & Carlisle ...... | 88 | +1 | — | — | 9.5 | 20.0 |
| 444 | 385 | Trevian Holdings ...... | 433 | Suspended | | | | |
| 26 | 17 | Unilock Holdings ...... | 21 | — | 1.3 | 6.2 | 10.2 | 14.7 |
| 92 | 65 | Walter Alexander ...... | 67 | — | 6.8 | 7.8 | 6.6 | 10.1 |
| 276 | 234 | W. S. Yeates ............ | 234 | — | 17.4 | 7.4 | 5.8 | 11.2 |

NOTICE OF REDEMPTION

to Holders of

# INSTITUTO NACIONAL DE INDUSTRIA

8% Bonds due 1987

*NOTICE IS HEREBY GIVEN* that pursuant to the terms and conditions of the above issue US$2,000,000 (Nominal) are to be redeemed at par on 1st October 1984, the following bond serial numbers have been drawn for redemption in the presence of a notary public at a price equal to 100% of the principal face amount.

BONDS OF $1,000 EACH

| |
|---|
| [illegible] |

Bonds not listed above are not affected by this redemption.

Bonds so designated for redemption will become due and payable on 1st October 1984 in the currency of the United States of America at the office of the principal Paying Agent, Manufacturers Hanover Trust Co., Corporate Trust Office, New York, or at the holders option to the other Paying Agents named on the bonds.

Payment of the redemption price of the bonds called will be made upon presentation and surrender of such bonds with Coupons No. 13 and subsequent Coupons attached. Coupon No. 12 should be detached and encashed in the usual manner.

Interest on the Bonds drawn will cease on and after 1st October 1984.

Manufacturers Hanover Trust Company,
on behalf of
INSTITUTO NACIONAL DE INDUSTRIA



# BIDS AND DEALS

## BAT gains control of W. German stores chain

**BAT Industries**, the tobacco, retailing, paper and insurance group has increased its stake in **Horten**, West Germany's fourth largest stores company, to 51 per cent from 49 per cent following last week's clearance from the Berlin cartel office.

Batig the British company's West German holding company which owns the Horten shares, does not aim to increase its holding further, Mr Harald Erichsen, Batig managing board chairman said.

Mr Erichsen was speaking yesterday at the annual meeting of Horten, of which he is supervisory board chairman.

Reports had circulated on the Frankfurt Stock Exchange earlier this week that Batig would seek to buy a further 25 per cent in Horten held by Deutsche Gesellschaft fuer Anlageverwaltung, an investment company.

## Worthington to consult brokers

Two investors who have acquired a 14.9 per cent holding in A. J. Worthington, a loss-making Staffordshire textile group, yesterday put outline proposals to its chairman which will be discussed with Worthington's stockbrokers, Quilter Goodison.

Mr Michael Hartland, Worthington's chairman, said yesterday's talks produced nothing which he could put to the company's board. At this stage, there was no question of Mr Jack Grant and Mr Sidney Friedland, the two investors, joining tha *Worthington board.*

Worthington shares rose 5½p yesterday to 30p, valuing the company at £600,000.

## Further Panel intervention in Premier's bid battle

BY DOMINIC LAWSON

THE CONTESTED £100m takeover bid by Carless Capel & Leonard for fellow oil company Premier Consolidated Oilfields yesterday became embroiled in a series of wrangles involving the Takeover Panel.

The board of Premier was prevented by the Panel from holding a scheduled meeting with the London Oil Analysts Group yesterday. The Panel insisted that the meeting, which would have been attended by institutional investors in Premier, contravened Rule 10 of the Takeover Code. This stipulates that during the course of a takeover a company may not furnish information to some shareholders, which would not be immediately available to all shareholders.

However, Premier then revealed to the Takeover Panel that a group of five oil analysts, institutional investors in Carless, had travelled down on Tuesday to visit Carless' important oil well at Horndean in Sussex. There the analysts met Mr Andrew Stubberfield, the Carless company secretary.

This took place after the bid for Premier was announced, and Premier's advisor, Schroder Wagg, has reported the incident to the Takeover Panel, arguing that Carless has infringed exactly the same rule that had prevented Premier from holding its meeting with analysts yesterday.

Carless Capel & Leonard has already been found guilty of a breach of the Takeover Code. On Tuesday the Carless chairman said publicly that he would not improve the terms of the original bid of one Carless share for every three shares in Premier. This statement constituted an infringement of Rule 32 of the Code, which says that such a statement cannot be made until after a formal offer document has been sent out.

Carless is expected to send out its formal offer to Premier shareholders at the weekend.

Yesterday Premier's shares closed at 69p, while Carless' finished at 205p, down 3p.

## Tate extends its £324m bid and looks to shake out speculators

BY RAY MAUGHAN

*THE £324m* cash and equity bid by sugar refiner Tate & Lyle for Brooke Bond ran through its first closing date yesterday having attracted a predictably low level of response.

*The offer has been extended* by three weeks to September 20 with the bidder embarking on a campaign which it believes will shake out speculative holders of Brooke Bond shares.

Tate announced yesterday that its terms had received acceptances from holders of just 0.57 per cent of Brooke Bond's equity and, having begun the campaign with a negligible holding, the bidder currently speaks for only 1.21 per cent of its target.

Brooke Bond's share price was resilient at 111p but Tate's own price came off 6p at 380p with the market still willing to believe that Tate will either revise its terms sometime during the current extension period or that a third party will approach Brooke Bond with a more congenial offer.

While Brooke Bond, through its advisers, Lazard Bros, thought that Tate was merely "prolonging the agony" by this extension, the bidder was convinced that its offer of one share and 350p in cash for every seven Brooke Bond shares remained "very fair."

Mr Neil Shaw, managing director of Tate and credited with much of the group's successful rationalisation in recent years, said that if the offer "were to lapse, the value of Brooke Bond shares was likely to fall significantly."

"The present Brooke Bond share price is largely supported by speculation of a possible counter-bid," he added. He was certain that the institutions which hold stakes in both companies regard the price, currently worth 104p per Brooke Bond share, "as a good one for the Brooke Bond assets."

Mr Shaw commented that "once they have made up their minds, the institutions will come in. I do not think there is a white knight, and I never have."

## BIDS AND DEALS IN BRIEF

**London and Continental Advertising Holdings** has received £1.04m *in cash from* **Reed International** as a repayment from the £19m paid on account by London and Continental on June 12 1984.

Under the terms of an agreement for the acquisition by London and Continental of London & Provincial Poster Group, the consideration payable to cover the increase in fixed assets and working capital of London & Provincial between April 3 1983 and June 12 1984, the completion date of tha acquisition.

The consideration has now been determined at £17.96m and accordingly the repayment referred to above has been made.

* * *

**Booker McConnell** has concluded an agreement with Appleby and Son, Spar wholesalers of Bristol, under which **Westward Food Distributors** of Saltash, Cornwall, has been sold to a new company Appleby Westward. The company has been formed to own both Westward Food Distributors and *Appleby and Son.*

* * *

The recommended proposals, effected by a scheme of arrangement, for the acquisition by Trumanns steel group in the shares not already owned in **James Austin Steel Holdings** has been sanctioned by the High Court and became effective and binding on all shareholders as from August 28 1984.

* * *

Irrevocable undertakings to accept the *increased* offer by the **Tunstall Telecom Group for Munford and White** have been received *in* respect of a total of 1,495,012 ordinary shares. The undertakings, together with the 30,000 shares already owned by Tunstall, represent approximately 47 per cent of M and W's equity.

* * *

**ICFC**, a division of 3i, has invested £140,000 for a 20 per cent holding in **Taxsoft**, a supplier *of microcomputer based* taxation software. The funding will be utilised for new product development and marketing.

* * *

**Unochrome Group's offer for Silverthorne** has been accepted in respect of 419,202 Silverthorne shares (80.4 per cent of the offer). Prior to the announcement of the offer, Unochrome owned 2.98m Silverthorne shares (85.1 per cent).

* * *

**State Street Nominees** has purchased 100,000 **Frederick Parker Group** shares to take its holding to 960,000 (6.65 per cent).

* * *

*Centreway Industries*—The Wesleyan and General Assurance Society has acquired 200,000 ordinary and its beneficial interest is now 1m shares (9.26 per cent).

—Merrill1(gas cmf bgk bgkaqeq

**New Throgmorton Trust (1983)**—Merrill Lynch Pierce Fenner Smith has sold 250,000 capital shares which reduces its interest to 1.25m *capital shares* (8.25 per cent of the issued share capital).

**Haslemere Estates**—Rodamco NV has increased its shareholding to 1.825m ordinary (6.21 per cent).

**Dualvest**—The Merchant Navy Officers' Pension Fund is beneficial owner of 441,500 shares (22 per cent of that class).

**Anglo Indonesian Corporation**—The International Investment Trust Company of Jersey is now interested in 776,500 ordinary (13.09 per cent).

**Lincroft Kilgour**—L. Messel and Co, the group's brokers, have purchased 70,000 non-assented shares at £1.24½ on behalf of Kleinwort Benson, an associate of Lincroft Kilgour.

***Racal Electronics***—Scrimgeour, Kemp-Gee and Co, the group's brokers, have sold on behalf of a discretionary client 6,000 shares at 226p.

**Ratners (Jewellers)**—Director Mr L. M. Ratner, has disposed of 250,000 shares and now holds 2,770,900 shares (9.33 per cent). Director Mr J. M. Ratner, has disposed of 200,000 shares and now holds 1,618,500 (5.4 per cent).

## COMPANY NEWS IN BRIEF

First half profit of the **Vectis Stone Group** shows little change at £377,000 and, in the light of current trading conditions, the figure for the full 1984 year is expected to be similar to the £902,000 achieved in the 12 months ended September 30 1983.

Actual accounts last time ran for 15 months and showed a profit of £1.03m, against £576,000 in tha year 1981-82. The current interim dividend is lifted by 50 per cent to 0.9p net, as the directors feel that a better balance with tha final is desirable. Total for tha previous period was 2.5p, or 2p per annum.

In the half-year the construction division performed well and shows a marginal improvement in profit over the relatively high *earnings* in 1983. *Profits from* fuel and vehicle distribution are slightly lower, reflecting the mild wintar and competitive market conditions. The reorganisation of Columbia Products (toiletries and boldalls) is continuing but benefits are taking longer than expected to show through.

Sales came to £5.62m (£5.46m). Tax takes £174,000 (£172,000) to leave the net profit at £203,000 (£210,000) for earnings of 1.46p (1.51p) per share. A provision for deferred tax is to be established, out *of profits* of earlier years, in the 1984 accounts. Accordingly, the half-year tax charge has been provided at 46 per cent of current profits.

* * *

With the Indian subsidiary of **Moran Tea Holdings** producing a record crop and with an upsurge in selling prices in the second half, the company has turned round *from* losses of £524,323 to £764,018 in the black for 1983.

There was an extraordinary credit of £240,151, being part of the project on the redevelopment of the riverside warehouses at Wapping, jointly with Barrat Developments.

Minorities took £243,515 (credit £61,077).

*Moran* has interests in property investment and development in the UK, and the production and manufacture of tea in India.

* * *

A *dull* tyre *market, coupled* with reduced demand for truck and logging tyres, hit the earnings of **Dunlop Malaysian Industries** in the half year ended June 30 1984. Turnover fell 7 per cent to Ringgit 118m, and operating profits slumped by 60 per cent to Ringgit 6.5m.

Exceptional rains in East Malaysia severely curtained logging and this reduced demand in an important part of the group sales. Also there was keen competition from imports which have taken a Ringgit 40m share of *the Malaysian market.*

However, because of a much lower tax charge and a Ringgit 2.3m extraordinary gain from the sale of the state in I.T. International to Pernas & Sime Darby, the net profit came out 17 per cent lower at Ringgit 8.3m.

* * *

**Pacific Sales Organisation** has beaten its profits forecast by £7,000 with pre-tax figures of £307,000 for the year to June 30 1984. The first two months of the current year have been satisfactory and the company is on budget to achieve its forecast figure for the full year of not less than £390,000.

This Manchester-based leather *goods importer* came to the USM last July. In the 18-month period to June 30 1983 it made pre-tax profits of £228,000.

* * *

Pre-tax profits of **Stewart & Wight**, retail baker and hotel owner, rose from £35,000 to £51,000 in the year to March 31 1984. Turnover advanced by £23,000 to £259,000. The dividend *is* held at 13p *net per £1 share.*

Below the lina there was an extraordinary credit of £62,000 (nil) being a net gain on the sale of a redundant freehold bakery building. Earnings emerged at 62.01p (32.28p) per share.

* * *

**Piccadilly Theatre**, soon to become a subsidiary of Maybox, *once the hive-off from Associated* Newspapers is completed, has turned in pre-tax earnings of £20,901 for tha six months to March 31 1984, against a comparable loss of £36,561.

Turnover moved ahead from £78,108 to £100,757. The company paid £11,032 in tax (credit £18,262) to leave earnings per share at 1.1p (loss 2p).

*Following the closure of "Y,"* the theatre will be reinstated in tha next six weeks from its restaurant/cabaret format to a conventional theatre and reopen in September with a new musical.

* * *

Nat asset value per 25p share at **Electra Investment Trust** declined from 131.44p to 126.83p in the three-month period to June 30 1984.

Total assets fell from £216.89m to £211.26m, and came out at £188.54m (£195.38m) ne

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Alexanders Holdings, Arbuthnot Government Securities Trust, Chemical Methods Associates, Church, Elys (*Wimbledon*), *Molynx, Scottish* Northern Investment Trust.

Finals:—East of Scotland Onshore, Imry Property, New Darien Oil Trust, Polytechnic Marine, Smith Whitworth, Zambia Copper Investments.

FUTURE DATES

Interims:—

| | |
|---|---|
| Aurora | Sept 12 |
| Automotive Products | Sept 3 |
| Biddle | Sept 13 |
| Bosse Massimi Pollitt | Sept 24 |
| Booker McConnell | Sept 5 |
| Brent Chemicals International | Sept 18 |
| British Mohair | Sept 13 |
| Burmah Oil | Sept 13 |
| Electro-Protective | Sept 3 |
| Federated Housing | Sept 4 |
| Hawley | Sept 3 |
| Hewitt (J.) (Fenton) | Sept 12 |
| Insight | Sept 3 |
| Jones and Shipman | Sept 10 |
| KCA Drilling | Sept 6 |
| Kean and Scott | Sept 3 |
| Keep Trust | Sept 5 |
| Koda International | Sept 7 |
| Lambert Howarth | Sept 4 |
| Low and Bonar | Sept 10 |
| Lowe Howard-Spink Campbell-Ewald | Sept 11 |
| Macfarlane (Clansman) | †Sept 3 |
| New England Properties | Sept 6 |
| Provident Financial | Sept 4 |
| Rowntree Mackintosh | Sept 20 |
| Royal Dutch Petroleum | Sept 13 |
| "Shell" Transport and Trading | Sept 13 |
| Simon Engineering | Sept 17 |
| Sparrow (G. W.) | Sept 14 |
| Tavener Rutledge | Sept 7 |
| Vosper | Sept 20 |
| Finals:— | |
| Armstrong Equipment | Sept 12 |
| Consolidated Gold Fields | Sept 18 |
| Dixon (David) | Sept 4 |
| London and Gartmore Investment Trust | Sept 3 |
| *London Merchant Securities* | *Sept 11* |
| Lowland Investment | Oct 16 |
| Sheldon Jones | Sept 7 |
| V. W. Thermax | Sept 5 |
| Westpool Investment Trust | Sept 13 |

†Amended

## BANK RETURN

### BANKING DEPARTMENT

| | Wednesday August 29 1984 | Increase (+) or Decrease (—) for week |
|---|---|---|
| *Liabilities* | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 40,829,961 | + 564,529 |
| Bankers Deposits | 697,540,992 | + 30,328,408 |
| Reserve and other Accounts | 1,491,130,025 | — 43,256,238 |
| | 6,173,853,978 | — 12,366,301 |
| *Assets* | | |
| Government Securities | 419,471,830 | + 16,209,973 |
| Advance & other Accounts | 789,246,239 | — 110,467,470 |
| Premises Equipment & other Secs | 987,325,512 | + 88,817,394 |
| Notes | 7,658,484 | — 914,526 |
| Coin | 161,913 | — 11,672 |
| | 6,173,853,978 | — 12,366,301 |

### ISSUE DEPARTMENT

| | | |
|---|---|---|
| Liabilities | £ | £ |
| Notes issued | 12,220,000,000 | + 40,000,000 |
| In circulation | 12,212,341,516 | + 40,914,526 |
| In Banking Department | 7,658,484 | — 914,526 |
| Assets | | |
| Government Debt | 11,015,100 | — |
| Other Government Securities | 2,026,754,446 | + 86,965,897 |
| Other Securities | 10,182,230,454 | — 46,965,897 |
| | 12,220,000,000 | + 40,000,000 |

APPOINTMENTS

## Restructuring at Norwich Winterthur Reinsurance

Following the restructuring of its UK organisation, NORWICH WINTERTHUR REINSURANCE CORPORATION has made the following appointments from September 1: Mr C. J. Catt, chief underwriter (property); Mr L. D. Lucas, chief underwriter (casualty); Mr R. W. Weed, chief underwriter (marine); Mr T. G. Clarke, actuary and chief manager (services); Mr C. J. Hopper, chief manager (finance); and Mr R. E. Townsend, corporate secretary. Mr Clarke, Mr Hopper and Mr Townsend will have similar titles in the parent company, Norwich Winterthur Holdings.

*

Mr Garth Beaman has been appointed a director of ROBERT FRASER & PARTNERS.

*

GLOBE INVESTMENT TRUST has appointed Mr Quentin H. Morris as a non-executive director. He is director, group finance, of British Petroleum and a non-executive director of Granada Group and of Johnson Matthey.

*

Mr Ivor McNish, company secretary and administrative manager of RUSTON-BUCYRUS, becomes a director on September 1. He joined the company, a subsidiary of Bucyrus Erie Co., U.S., in 1964.

*

The FRIENDLY SOCIETIES LIAISON COMMITTEE has re-elected as chairman Mr P. M. Madders (hon secretary, National Conference of Friendly Societies). Mr J. F. Lambeth (*secretary of the Association of* Collecting Friendly Societies) was elected secretary of the committee.

*

Mr Nirj Deva and Mrs Jill Moore have been appointed to the NATIONAL CONSUMER COUNCIL until April 30 1987. Mr Deva is a director of Manorial Research and of Trenchpalm. He was chairman of the Bow Group from 1981 to 1982 and is currently editor of "Crossbow." Mrs Moore is chairman of the Consumers in the European Community Group *(UK) and was appointed earlier* this year to the European Commission's Consumers Consultative Committee. She is a teacher.

*

IMRY PROPERTY HOLDINGS has appointed Mr Alan L. Lee a director. He has been associated with the group, both in the UK and the U.S., for four years.

*

Mr Alan Wilson has joined DUNLOP as director of the company's DIY products division, with responsibility for development and marketing of the division's product range, which includes both smooth floorings and carpet tiles for the domestic market, as well as some contract floorings and insulation products. He was with James Halstead and Co. as director of the retail division.

*

Mr Michael Melaniphy has been appointed head of publications and publicity at the INDEPENDENT BROADCASTING AUTHORITY following the retirement of the present head, Mr Eric Croston, next month. Mr Melaniphy joins the IBA following 12 years as head of the Sports Council's press and publications unit. Mr Robert Hargreaves has been appointed from September 24 chief assistant (television) at IBA with particular responsibility for the supervision of independent television's factual programmes.

*

Mr John R. Windeler has been appointed managing director of IRVING TRUST INTERNATIONAL, a wholly-owned subsidiary of the New York City bank. He was executive vice president of Irving Trust in charge of its investment banking group in New York. From 1981 to 1983 he managed the London division.

*

Mr Terry Gill has been appointed to the board of CAMPBELL'S SOUPS.

*

Following the merger of PHYSIOLOGICAL INSTRUMENTATION (PI) with Novametrix Medical Systems Inc (Novametrix) of Wallingford, Connecticut, U.S., which was completed at the end of 1983 by the acquisition by Novametrix of the entire issued share capital of PI, PI's board has been reconstructed. Mr R. J. Newton, Dr J. Spreadborough, Mr G. G. Blakey and Mr D. N. Halsall have resigned. Dr D. Parker has been elected chairman and continues as research and development director, and Mr R. W. Lewis continues as managing director. Mr Wynford Vaughan-Thomas will continue as a non-executive director. The following have been elected to the board: Mr Louis P. Pellegrino, president and chairman of the board of Novametrix; Mr William J. Lacourlere, executive vice-president and chief operating officer of Novametrix; Mr John A. Ramadel, treasurer and controller of Novametrix; and Mr Roger H. Lloyd, partner, Haythe and Curley.

# UK COMPANY NEWS

## Pentland up to £2.5m and expects full year record

PRE-TAX profit of Pentland Industries has quadrupled in the opening half of 1984 to stand at £2.5m against £610,000.

Mr R. S. Rubin, the chairman, is "delighted" with the figures for the period to June 30, and goes on to say that the current half should show a marked improvement over the comparable period, which added over £1m to the surplus to give a record taxable result for the year at £1.68m.

Pentland, which is ultimately held by Robert Stephen Holdings, carries on the business of general trading, service and broking activities, with interests in footwear, clothing and general distribution.

The interim dividend is being effectively raised by 49 per cent to 0.5p net per 10p share. The total last year was an adjusted 1.74p.

Turnover rose substantially from £23.2m to £41.61m, having stood at £51.45m for the last full financial period.

The tax charge this time was up from £114,000 to £965,000, and minority interests took £392,000 more at £490,000. There were extraordinary debits last time of £27,000.

The profit attributable to shareholders was £1.04m against £371,000, from which the higher dividend absorbed a larger share at £77,000 (£52,000). The company retained £963,000 (£319,000).

Earnings per share are quoted at 6.71p against an adjusted 2.57p.

**● comment**

Pentland's quadrupling in pre-tax profits on an 80 per cent increase in sales was way above the market's expectations, and the shares accordingly jumped 12p to a new high of 128p. Reebok shoes, which probably brought in around two-thirds of the profits, have gained market share in the U.S. and benefited from a booming fitness market, spurred by the Olympics. Kappa shoes, as used by the U.S. track team, had a similar experience in the UK, while Far Eastern exports to the U.S. raced ahead on the back of the dollar's strength, with volumes assisted by the recruitment of new Chinese suppliers. But can Pentland keep up the pace? The group's acquisition of the world rights to the Reebok name in March should enable it to repeat that particular success in the UK, while UK leisure clothing, which has moved into the black for the first time, should provide further impetus. With Pentland-distributed shoes and clothes now in 86 per cent of all UK multiple stores, the downside seems in any case limited. Analysts have raised their full-year forecasts from just over £2m to at least £5m pre-tax, which leaves the shares on an undemanding multiple of just under 10, assuming a 40 per cent tax charge.

## Strike costs Cattle's £250,000

THE EFFECTS of the miners' strike have cost the financial services group Cattle (Holdings) some £250,000 in the first half of 1984, and its resulting pre-tax profit is down from £922,000 to £585,000. But for this, profits have continued their upward trend.

Shopacheck Financial Services, which operates in most of the mining areas, was the most affected. The company had to resolve the dilemma regarding the provisions against miners accounts which had fallen into default because they are on strike. Following its normal conservative policy over provisions for slow-paying accounts, the company has made certain provisions in those accounts where non-payment has been identified as solely due to the strike.

"These, together with an estimated loss from everyday business in these areas, adversely affected the half year profit by approximately £250,000."

The hire purchase division has begun to reverse the disappointing trend reported in 1983, and the aim for a worthwhile return on capital is well founded. The bulk of Roseby's profits are earned in the second half and prospects give grounds for anticipating a record year for the division.

At CIB Insurance Brokers, one retail unit has been sold to Swinton Insurance and the other 10 retail units are operating under the name of Swinton CIB Insurance Brokers. The commercial and life and pensions side continues to trade as CIB Insurance Brokers and CIB Life and Pensions.

Group turnover in the half year showed a marginal reduction at £36.1m (£35.4m). After tax £302,000 (£369,000) the net profit came to £533,000 (£553,000) for earnings of 1.22p per share (1.27p). The interim dividend is 0.6p net, against the equivalent 0.58p. In 1983 the company paid a total equal to 1.42p from pre-tax profits of £1.91m.

## SAI warns of downturn for year

THE DIRECTORS of Scottish Agricultural Industries warn shareholders in their interim report that group pre-tax profits for the full 1984 year are likely to be "substantially less" than the £6.02m returned over the previous 12 months.

Profits for the opening half were down by £0.4m at £1.8m. In the main fertiliser business market stability continued through the spring but prices deteriorated with the start of the new season.

All raw material prices continued to increase, in part due to the strength of the dollar, and with this situation likely to persist until the "needed increase" in fertiliser prices can be established, profits for 1984 are "likely to be substantially less than in 1983."

As part of the continuing emphasis on improved efficiency in all areas of the group's activities the directors have approved expenditure of £11m on the construction of a new nitric acid plant which will come on stream early in 1986.

This will replace existing production capacity and result in large savings in energy and other costs.

Sales for the first six months dropped from £52.5m to £51.4m and trading profits, including Government grants, from £2.4m to £1.8m.

The group, a subsidiary of Imperial Chemical Industries, manufactures fertilisers and composts. It is also a processor of farm seeds and peat.

Earnings were 2.3p lower at 13.2p per £1 share but the net interim dividend is the same at 6.5p.

During 1983 the group decided to cease production of animal feeds and an agreement was made to merchant the feed products of BOCM Silcock. This arrangement is now fully operational and the Carrick Mill, which manufactured feed, has been closed.

The development of the group's oil related activities is continuing.

In the half year the Scotnil Services subsidiary acquired a 40 per cent shareholding in a German manufacturer of flexible piping and will now develop sales of the product to the oil interests in the North Sea and elsewhere in the world.

No interest charges were payable in the first half (£0.3m) and interest received rose by £0.1m to £0.2m.

Tax took £0.5m (£0.8m) and extraordinary items £0.1m (nil), being additional depreciation in connection with the Carrick Mill.

## Reliance Industrial omits final

A LOSS of some £190,000 in the second six months has left Reliance Industrial Holdings with pre-tax profits of £89,000 for the full year to April 30, 1984, a shortfall of £435,000 on the previous year's figures.

The final dividend is being passed (0.9p) which leaves shareholders with 0.94p for the year (1.75p).

In their midyear report, with profits up by £80,000, the directors were reasonably optimistic for 1984 and said they would be disappointed not to see a continuing improvement in the group's results.

They blame the year-end results on very poor sales in the January/April period, further severe pressure on margins, heavy investment costs, particularly in Reliance Hosiery which have not yet shown a full return, and continuing investment in the security company.

It is too early to predict the outcome for the current year. Sales to major customers are sluggish and demand for consumer products is patchy—the group, formerly known as Reliance Knitwear, has interests in garment and leisure products.

The directors consider the setback to be only "temporary" and say that strenuous efforts are being made at all levels of management to achieve an improvement in profits. The dividend cut will be restored "as soon as results allow."

Turnover for the year totalled £25.02m (£22.63m). However, sales in the last four months were almost £1.8m below budget which resulted in higher year-end stock and higher borrowings. Action is being taken to reduce both.

## Lec profit growth slows at six months

THE six months to June 30 1984 witnessed a slow-down in the rate of profit improvement at Lec Refrigeration, manufacturer and distributor of refrigeration equipment.

Profits before tax rose from £2.07m to £2.13m, or some 3 per cent, against the substantial rate of increase reported in the second half of the last year, when the full period figure reached £5.04m.

The interim dividend is held at 4p net per share. There was a total of 12.5p last year.

Turnover for the half was £24.29m, up from £21.98m, having stood at £48.21m for 1983.

After tax of £902,000 (£515,000), net profit emerged at 1.23m (£1.55m).

A decrease from 25.69p to 20.29p in stated earnings per share was due the increase in taxation arising from changes in the Finance Act.

**● comment**

After last year's exceptionally good results, these figures from Lec were never going to melt investor's hearts. A look at the fridge market tells it all. In a normal year about 2m units are sold nationally. Last year's consumer boom generated a demand for 2.5m units and the pattern this year looks like reverting to a normal year again. Without organic growth in the market, all that happens is that manufacturers join battle for each other's market share and—as the Lec sums show—margins suffer. In Lec's case it is still too soon to judge whether the special promotions and £500,000 advertising campaigns have been successful in boosting its 20 per cent share, but the miners' strike and introduction of VAT on home improvements couldn't have helped. Ironically an extended dockers' strike could turn out to be beneficial: it will cut out imports of dominant brands like Zanussi. What is certain is that this year will be nothing like as strong as last year. A likely £5.3m outturn before tax at around 40 per cent put the 335p shares, down 8p, on a prospective multiple of 63, which seems a fair enough rating.

## £130,000 fall at Whitworth Electric

SECOND HALF reduction in profits at Whitworth Electric (Holdings) has slowed down to £37,000, but chairman Mr R. A. Thomas says there is still a long way to go before the worst is over in all the group's market sectors. Trading is very competitive in all areas throughout the south and south east.

The second half profit came to £316,000 for a total of £354,000 for the year ended March 31 1984, compared with £483,000. It was a year of rationalisation for this wholesale electric components distributor, and Mr Thomas feels that a period of stability is needed to allow management to consolidate the reconstruction in profit terms and identify the opportunities while overheads are monitored.

This year, development costs of the new computer system charged to the accounts have gone up from £34,000 to nearly £70,000, and will continue to be reflected in the results. Development of the system "is of paramount importance" to the future efficiency of the group, the chairman stresses.

The Chippenham (Wiltshire) branch should contribute to profitability in the current year but no significant share is expected from the Kingsbury (London, NW9) unit.

Turnover in 1983-84 totalled £16.47m (£15.83m)

MINING NEWS

## Tax savings leave RGC with increased profit

BY KENNETH MARSTON, MINING EDITOR

THE Consolidated Gold Fields group's 49 per cent-owned Australian arm, Renison Goldfields Consolidated reports a pre-tax profit for the year to June 30 of A$8.19m (£5.36m) compared with A$8.55m in the previous 12 months.

On the latest occasion, however, the restructuring of the group's operating divisions had resulted in a tax credit of A$2.03m compared with a tax charge of A$2.39m a year ago. Thus the latest attributable profit comes out at A$10.22m against A$6.16m a year ago when there was also a A$3.85m gain on sales of investments.

RGC says that it has no current intention of returning to the practice of paying interim dividends.

It is repeating the previous year's single payment on the ordinary shares of 10 cents (6.5p) but this time on an issued ordinary share capital increased by 7.14m shares to 50.32m shares following the placing to February.

There is again no dividend on the deferred ordinary shares of which there are now 15.64m in issue.

During the year RGC benefited from improved operating efficiency and a better demand for its mineral sands products. On the other hand it had to live with in export restrictions and low prices for copper while exploration costs rose following the purchase of Gold Fields' interest in the joint exploration programme.

RGC acquired the remaining 50 per cent interest in the gold-producing New Guinea Goldfields during the year and the latter completed its mill expansion to double ore throughput. Group borrowings at the end of the year were negligible and cash reserves amounted to A$26m.

Looking to current year's prospects RGC expects to continue to benefit from the upturn in the market for its mineral sands products (rutile and ilmenite), the expansion of gold production and the development of a gold mine at Pine Creek in the Northern Territory.

Meanwhile the group is still having to contend with low copper prices and tin output restriction and it will face increased spending on exploration now that it has taken full ownership of the previous joint arrangements with Gold Fields.

## Trans Natal earnings fall in final quarter

FOLLOWING a poor fourth quarter the South African Gencor group's Trans-Natal Coal Corporation has made a reduced net profit of R37.7m (£18.6m), equal to 62 cents per share, in the year to June 30 compared with R45.2m in the previous 12 months.

As already announced, the final dividend has been maintained at 30 cents (14.8p) to leave the year's total unchanged at 60 cents.

Trans-Natal says that although there was an increase in the tonnage of coal sold in the final quarter pre-tax profits fell because of problems with the production of an exceptional export product from the Optimum colliery and adverse weather conditions.

In the quarter a further provision of R1.6m was made for unrealised currency losses on foreign loans. At June 30 unrealised currency losses of R6.2m, in addition to amounts already provided for, were deferred. If necessary this sum will be accounted for over the remaining years of the loans.

The company is currently making a rights offer of 12.5 per cent unsecured convertible debentures of 850 cents at par in the proportion of 15 convertible debentures for every 100 ordinary shares held on August 17.

The offer, which closes on September 14, is designed to raise R78m. This will be used to finance the continuing expansion programme of Trans-Natal and its subsidiaries.

## Good start by Zimbabwe sales agency

ZIMBABWE'S Minerals Marketing Corporation has sold Minerals and metals worth Z$430m (£250m) abroad in its first year of operation, which ended on June 30, according to news agency reports from Harare.

The amount is broadly on a par with recent figures for the value of Zimbabwe's mineral output, which normally accounts for something over 40 per cent of the country's exports.

Mr Christopher Ushewokunze, chairman of the government-controlled agency, said that the corporation held no large stocks of minerals, apart from asbestos, and even these were confined to a limited range of grades.

He added that the agency, set up in spite of severe criticism from the mining industry, which is mainly controlled by foreign-owned companies, had recouped a loss caused by start-up expenses and had "generated a surplus, setting the corporation's finances on a sound footing."

The organisation is Zimbabwe's only legal agency for mineral export sales, and charges producers a commission of 0.875 per cent on all sales. Zimbabwe's considerable gold production is the only mineral exempt from sale through the agency, as sales are already handled by the country's reserve bank.

Zimbabwe produces a wide range of minerals, and is one of the world's leaders in output of chrome and certain types of asbestos. Mr Ushewokunze said that asbestos had fared well in spite of contracting world markets and a campaign against the fibre on health grounds.

Markets for iron ore, steel and copper remained depressed, he added, but sales of ferro-chrome and to a lesser extent tin had been very strong.

Demand for nickel, lithium and graphite had fluctuated.

He added that although some minerals, such as ferro-chrome, were sold on barter deals, this form of trading represented a very small proportion of the agency's total sales.



## COMPANY NEWS IN BRIEF

An improvement in profits from £93,300 to £141,900 on turnover ahead from £335,000 to £348,000 has been achieved by Miss World Group for the first half of 1984. Mr Eric Morley, chairman, says the improvement is basically due to obtaining increased sponsorship of direct expenses.

With the Miss United Kingdom contest having taken place in August, and Miss World scheduled in November, Mr Morley says that the second six months are more profitable than the first.

Current trading is up to budget and the outcome for the year should be satisfactory. In the last full year pre-tax profits came to £340,500.

The net interim dividend of this USM stock has been lifted from 1p to 1.1p. In the last full year a total of 3p was paid.

First half earnings per share are shown as falling from an adjusted 4.38p to 3.86p.

* * *

Engineer and machine maker Thomas Robinson & Son has returned to profits, turning in £70,000 for the six months ended June 30, 1984. With the preference rights issue in May, the directors forecast a profit for the year 1984 of some £350,000. Turnover for the half moved up from £3.96m to £5.51m.

In the corresponding half of 1983 the loss was £470,000, and that had increased to nearly £700,000 by the year-end.

* * *

Net asset value per 25p share of the United States Debenture Corporation rose by 2p to 203p over the 12 months ended July 31 1984. Profits for the half-year to end-July fell by £1.08m compared with the same period last year to £1.76m after tax of £949,000, against £1.55m previously.

The current accounting period will cover 11 months and total dividends for the period are anticipated at 11/12ths of the previous year's 6.52p net total. The interim is held at 2.25p.

Dividends and interest received on investments for the half-year totalled £3.84m (£5.11m). Earnings emerged at 2.46p (4.03p) per share.

* * *

An increase in activity has enabled Noble and Lund to make substantial inroads into its loss for the first half of 1984—cutting it from £272,990 to £37,468. And the directors believe the improvement should continue into the current period and result in a "modest profit" being earned.

Turnover of the company, whose principal activity is the manufacture of machine tools, came to £323,000, against £219,900 previously when conditions were much more difficult. For the whole of 1983 the loss was £570,000.

* * *

Announcing a sharp increase in interim taxable profits from £959,000 to £1.63m, Mr D. J. Ward, the chairman of property developer Ward Holdings, states that the result reflects the steady improvement in the group's performance and the satisfactory state of property market conditions in general.

He adds that these trends are continuing and the full year results will reflect this.

The interim dividend is raised from 1.19p to 1.6p net per 10p share. Last year the total reached 5.19p.

Turnover for the period to April 30 1984 was up from £7.63m to £10m. The tax charge was £409,000 (£39,000).

* * *

Shareholders in London and Overseas Freighters took up 54.1 per cent of the Preference shares offered in an underwritten four-for-one rights issue. The balance not taken up by members amounted to 103.24m shares.

* * *

A seventh successive record year for Industrial Finance and Investment Corporation has seen pre-tax profits rise by over 100 per cent from £359,354 to £731,794.

The group is a licensed deposit taker and dealer in securities which is traded on the USM.

The final dividend is lifted from 1.5p net per share to 2.15p, making a total for the year of 3p (2.25p). Earnings per share are quoted at 15.64p, up from 11.22p.

Turnover increased from £1.2m to £2.33m. Tax took £234,000 (£19,000) and minority interests £9,000 (£23,000).

Attributable profit came out at £489,000 (£317,000) from which the dividend will account for £95,000 (£68,000). The company retained £394,000 (£249,000).

* * *

Thew Engineering is raising a net £750,000 on the over-the-counter market via an offer for sale of ordinary shares qualifying for tax relief under the business expansion scheme.

The group is projecting pre-tax profits of £500,000 for the year ending April 3 1985, putting it on a prospective multiple of 9.76.

Proceeds of the issue will be used to aid the expansion of this Southampton-based petrochemical and marine engineering group.

The offer for sale is being made by Harvard Securities.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Abbey‖ | | nil | — | 2.53 | nil | 3.94 |
| Cattle's (Holdings) | int | 0.6 | Oct 12 | 0.58* | — | 1.42* |
| Charterhouse | int | 0.25† | Oct 17 | 0.25 | — | 0.75 |
| Fleet Holdings | | 3.25 | Oct 1 | 1.5 | 5 | 2.25 |
| Home Counties | int | 2.25 | Sept 28 | 1.75 | — | 5 |
| Industrial Finance‡ | | 2.15 | Nov 7 | 1.5 | 3 | 2.25 |
| Johnson Cleaners | int | 3.18 | — | 3 | — | 12.42 |
| Ladbroke Group | int | 4.48† | Oct 25 | 4.07 | — | 9.02 |
| LASMO | int | 4.5 | Oct 31 | 4.5 | — | 11.5 |
| LEC Refrigeration | | 4 | Oct 20 | 4 | — | 12.5 |
| Miss World‡ | | 1.1 | Oct 12 | 1 | — | 3 |
| Moran Tea | | 6 | — | 1 | 10 | 1 |
| Pentland | int | 0.5 | Nov 1 | 0.34* | — | 1.74* |
| Scottish Agricultural | int | 6.5 | Nov 5 | 6.5 | — | 18.5 |
| Stat-Plus‡ | int | 0.5 | Oct 1 | — | — | — |
| Stewart Plastics | | 1.64 | Oct 17 | 1.36 | 2.43 | 2.02 |
| Stewart & Wight | | 13 | — | 13 | 13 | 13 |
| U.S. Debenture | int | 2.25 | — | 2.25 | — | 6.52 |
| Vectis Stone | int | 0.9 | Oct 12 | 0.8 | — | 2.51 |
| Ward Holdings | int | 1.6 | Oct 5 | 1.19 | — | 5.19 |
| Whitworth Electric | | 1.51 | — | 1.51 | 1.51 | 1.51 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 15 months. ‖ Irish currency throughout.

*Closing prices, August 30*

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 23½ | 13¼ | AAR | 48 | 2.1 | 23 | 10 | 22½ | 23½ | 22½ | |
| 16⅝ | 13⅝ | AMF | 50 | 3.0 | 152 | 763 | 16¼ | 16¼ | 16¼ | |
| 51¼ | 49⅝ | AMF | pf2.96e | 5.7 | | 57 | 51½ | 51½ | 51½ | -⅛ |
| 41⅛ | 24¼ | AMR | | | 4 | 4443 | 27⅛ | 26⅝ | 27 | +⅛ |
| 20⅝ | 16 | AMR | pf2.18 | 11 | | 1 | 19⅝ | 19⅝ | 19⅝ | |
| 41⅛ | 27½ | AMR | pf2.13 | 7.2 | | 239 | 29½ | 29¼ | 29½ | +⅛ |
| 25½ | 22⅞ | ANR | pf2.67 | 11 | | 8 | 23⅝ | 23⅝ | 23⅝ | -½ |
| 23 | 19½ | ANR | pf2.12 | 10 | | 2 | 20¼ | 20¼ | 20¼ | -¼ |
| 18¾ | 8½ | APL | | | 4 | 40 | 10 | 10 | 10 | -⅛ |
| 55¾ | 40⅝ | ARA | 2.10 | 4.1 | 10 | 421 | 51¼ | 51 | 51 | +⅛ |
| 70¼ | 44¼ | ASA | 3a | 5.8 | | 265 | 54 | 53½ | 53¾ | -½ |
| 30¼ | 16½ | AVX | 32 | 1.3 | 16 | 76 | 26 | 25½ | 25½ | -⅛ |
| 53⅝ | 38¾ | AbtLab | 1.20 | 2.6 | 15 | 2791 | 47⅞ | 46¾ | 47 | -1 |
| 35⅛ | 23¾ | AccoWd | 80 | 1.8 | 20 | 129 | 34¼ | 34⅛ | 34½ | |
| 27⅛ | 12½ | AcmeC | 40 | 2.7 | | 892 | 15½ | 13¾ | 14⅞ | +1¼ |
| 12⅛ | 6¼ | AcmeE | 32b | 3.4 | 15 | 3 | 9½ | 9½ | 9½ | |
| 24⅞ | 11 | AdmDg | 04 | 2 | 6 | 36 | 16½ | 16¼ | 16¼ | -⅛ |
| 18¾ | 15 | AdaEx | 2.11e | 13 | | 52 | 16⅝ | 16¼ | 16⅝ | |
| 22 | 13½ | AdvSys | 81t | 4.6 | 17 | 97 | 18 | 17¾ | 17¾ | |
| 41⅛ | 25⅛ | AMD | | | 23 | 2139 | 40¼ | 39½ | 39⅞ | -⅛ |
| 17⅞ | 7⅞ | Advest | 12 | 1.2 | | 82 | 10 | 9⅝ | 10 | |
| 20 | 9⅝ | Aerflex | | | 11 | 114 | 12⅞ | 11¾ | 12 | |

Continued on Page 21

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# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

*Closing prices, August 30*

[illegible]

Continued on Page 22

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 20

[illegible]

X–Y–Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 21 | 16½ | Wynns | .60 | 3.4 | 9 | 2 | 17⅞ | 17⅞ | 17⅞ | + ⅛ |
| 52⅛ | 33¼ | Xerox | 3 | 7.6 | 10 | 7002 | 39⅝ | 39⅛ | 39⅝ | – ½ |
| 51⅝ | 45¾ | Xerox | pf5.45 | 11 | | 10 | 49[illegible] | 49⅛ | 49⅛ | – ⅛ |
| 37 | 19 | XTRA | | 2.4 | 10 | 313 | 26[illegible] | 26¼ | 26⅝ | + ¼ |
| 34 | 24 | ZaleCp | 1.32 | 4.7 | 10 | 143 | 28⅛ | 27[illegible] | 27¾ | – ¼ |
| 26½ | 19¾ | ZalepIA | .80 | 3.6 | | 2 | 22 | 22 | 22 | |
| 24⅝ | 15¼ | Zapata | .84 | 4.1 | 14 | 579 | 20½ | 20 | 20¼ | + ¼ |
| 48 | 28⅛ | Zayre | .40b | .8 | 13 | 339 | 47⅛ | 47 | 47¼ | – ⅛ |
| 38⅝ | 20 | ZenithE | | | 10 | 518 | 26 | 25⅝ | 25¾ | + ⅛ |
| 27⅝ | 18 | Zero | s | .36 | 1.5 | 18 | 57 | 24⅝ | 24½ | 24½ | + ⅛ |
| 34 | 21⅛ | Zurmin | 1.32 | 5.2 | 13 | 67 | 26 | 25½ | 25⅝ | – ⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

# WORLD STOCK MARKETS

## AUSTRIA

| Aug. 30 | Price Sch% | + or — |
|---|---|---|
| Creditanstalt | 306 | +1 |
| Goesser | 383 | ...... |
| Interunfall | 400 | ...... |
| Laenderbank | 202 | ...... |
| Perlmooser | 341 | —4 |
| Steyr-Daimler | 141 | ...... |
| Veitscher Mag. | 214 | ...... |

## BELGIUM/LUXEMBOURG

| Aug. 30 | Price Frs. | + or — |
|---|---|---|
| ARBED | 1,600 | —35 |
| Banq Int A Lux | 5,300 | ...... |
| Bekaert B | 4,330 | +30 |
| Ciment CBR | 2,620 | +35 |
| Cockerill | 260 | —1 |
| Delhaize | p,700 | ...... |
| EBES | 2,735 | ...... |
| Electrobel | 7,860 | +60 |
| Fabrique Nat | 2,095 | —20 |
| GB Inno BM | 3,565 | —10 |
| GBL (Brux) | 2,390 | —5 |
| Gevaert | 3,500 | ...... |
| Hoboken | 6,800 | ...... |
| Intercom | 2,080 | +5 |
| Kredietbank | 5,950 | +50 |
| Pan Hldgs. | 9,650 | +100 |
| Petrofina | 7,340 | ...... |
| Royale Belge | 8,550 | ...... |
| Soc. Gen. Banq | 3,170 | +20 |
| Soc. Gen. Belge | 1,880 | ...... |
| Sofina | 8,990 | —10 |
| Solvay | 4,265 | —10 |
| Tractionel | 4,050 | ...... |
| UCB | 5,500 | ...... |
| Vieille Mont. | 4,380 | +85 |

## DENMARK

| Aug 30 | Price Knr % | + or — |
|---|---|---|
| Aarhus Olie | 455 | —10 |
| Andelsbanken | 256 | +1 |
| Baltic Skand | 570 | —5 |
| CopHandelsbank | 251 | +1 |
| D. Sukkerfab | 550 | —15 |
| Danske Bank | 258 | +1 |
| East Asiatic | 192 | ...... |
| Forenede Bryg | 960 | ...... |
| Forenede Damp | 105 | ...... |
| GNT Hldg | 620 | ...... |
| I.S.S.B. | 475 | ...... |
| Jyske Bank | 495 | —10 |
| Novo Ind. | 1,235 | ...... |
| Privatbanken | 255 | +5 |
| Provinsbanken | 515 | +2 |
| Smidth (F) | 208 | ...... |
| Sophus Berend | 980 | —5 |
| Superfos | 486 | —7 |

## FRANCE

| Aug. 30 | Price Frs. | + or — |
|---|---|---|
| Emprunt 4½% 1973 | 1,705 | +9 |
| Emprunt 7% 1973 | 9,120 | —35 |
| CNE 3% | 3,567 | +1 |
| Air Liquide | 541 | +3 |
| BIC | 439 | +4 |
| Bouygues | 612 | +7 |
| BSN Gervais | 2,529 | +24 |
| CIT-Alcatel | 1,133 | —12 |
| Carrefour | 1,555 | +5 |
| Club Mediter'n | 855 | +3 |
| CFAO | 592 | +5 |
| Cie Bancaire | 650 | +5 |
| Cofimeg | 221 | +1 |
| Darty | 981 | +20 |
| Dumez S.A. | 580 | +15 |
| Eaux (Cie Gen) | 542 | ...... |
| Elf-Aquitane | 261 | ...... |
| Gen. Occidentale | 653 | —3 |
| Imetal | 85 | —0.5 |
| Lafarge Coppee | 359 | +7 |
| L'Oreal | 2,485 | +12 |
| Legrand | 1,940 | +p |
| Maisons Phenix | 190.5 | —1 |
| Matra S.A. | 1,579 | ...... |
| Michelin B. | 788 | ...... |
| Midi (Cie) | 1,715 | +15 |
| Moet-Hennessy | 1,750 | +3 |
| Moulinex | 104.5 | ...... |
| Nord Est. | 46.8 | +0.6 |
| Pernod Ricard | 809 | +1 |
| Perrier | 512 | +2 |
| Petroles Fra. | 231.3 | +0.3 |
| Peugeot S.A. | 211 | —4 |
| Poclain | 64.5 | +5 |
| Printemps Au. | 157 | —1.5 |
| Radiotech | 237 | +2 |
| Redoute | 1,136 | ...... |
| Roussel-Uclaf. | 1,360 | +50 |
| Selimeg | 359 | ...... |
| Skis Rossignol. | 1,419 | +19 |
| Telemech Elect. | 1,770 | +22 |
| Thomson (CSF) | 348 | +8 |
| Valeo | 221 | ...... |

## GERMANY

| Aug. 30 | Price Dm. | + or — |
|---|---|---|
| AEG-Telef. | 80.8 | +0.3 |
| Allianz Vers | 858 | +1 |
| BASF | 152 | +1 |
| Bayer | 165 | +0.5 |
| Bayer-Hypo | 251 | —1 |
| Bayer-Verein | 302 | —3 |
| BHF-Bank | 237 | ...... |
| BMW | 383 | —4.5 |
| Brown Boveri | 199.3 | —1.7 |
| Commerzbank | 145.5 | —1.5 |
| Cont'l. Gummi | 114.3 | —0.6 |
| Daimler-Benz | 543 | —6 |
| Degussa | 341 | —1 |
| D'sche Babcock | 154 | +1 |
| Deutsche Bank | 325.5xr | +4.9 |
| Dresdner Bank | 149.3 | —1.7 |
| GHH | 158 | +3 |
| Hochtief | 498xd | ...... |
| Hoechst | 166.7 | —1.3 |
| Hoesch Werke | 93.1 | —0.4 |
| Holzmann (P) | 404.5 | —3.5 |
| Horten | 174 | —1 |
| Kali und Salz | 232.5 | +7 |
| Karstadt | 232 | +2 |
| Kaufhof | 215 | +3 |
| KHD | 833 | +8.5 |
| Kloeckner | 57 | +1 |
| Krupp | 75 | —1 |
| Linde | 303 | +4.5 |
| Lufthansa | 158.8 | +5.2 |
| MAN | 138.5 | +1 |
| Mannesmann | 137.2 | +0.1 |
| Mercedes Hld. | 477 | —5 |
| Metallgesell | 200 | —15 |
| Muench Rueck | 1010 | —80 |
| Preussag | 248 | —8 |
| Rhein West Elect | 158 | —0.8 |
| Rosenthal | 229 | +1.5 |
| Schering | 551 | —2 |
| Siemens | 406.5 | —1.5 |
| Thyssen | 75.3 | +1.1 |
| Varta | 173.5 | +0.5 |
| Veba | 162.4 | +0.1 |
| V.E.W. | 115.2 | —1.8 |
| Verein-West. | 861 | ...... |
| Volkswagen | 173 | —4.5 |

## ITALY

| Aug. 30 | Price Lire | + or — |
|---|---|---|
| Banca Com'le | 17,450 | —50 |
| Bastogi-IRBS | 155 | ...... |
| Centrale | 2,125 | +35 |
| Credito Varesino | 4,121 | +81 |
| Fiat | 4,540 | +50 |
| Finsider | 40 | ...... |
| Generali Assicur | 35,600 | +150 |
| Invest | 2,825 | ...... |
| Italcementi | 51,400 | +600 |
| Montedison | 1,254 | +2 |
| Olivetti | 5,840 | +117 |
| Pirelli Co | 3,100 | +47 |
| Pirelli Spa | 1,825 | +85 |
| Snia BPD | 1,887 | +47 |
| Toro Assic. | 16,770 | +30 |
| do. Pref | 9,299 | —100 |

## NETHERLANDS

| Aug. 30 | Price Fls | + or — |
|---|---|---|
| ACF Holding | 180 | —4 |
| AEGON | 115.5 | —2.6 |
| Ahold | 182.2 | —1.8 |
| AKZO | 83.7 | —0.6 |
| ABN | 295 | —1 |
| AMEV | 152 | +2 |
| AMRO | 58 | —0.3 |
| Bredero Cert. | 180 | —4 |
| Bos Kalis Westm. | 23.8 | —1.2 |
| Buehrmann-Tet. | 63.7 | —0.3 |
| Calland Hldgs. | 32.7 | —0.5 |
| Credit Lyon'is Bk | 49.5 | —0.4 |
| Elsevier-NDU | 92 | —5 |
| Gist Brocades | 158.5 | —1.7 |
| Heineken | 138 | —3.5 |
| Hoogovens | 86 | —1 |
| Hunter Douglas | 32.7 | +1.2 |
| Int Mueller | 38 | +0.5 |
| KLM | 176.5 | —1.5 |
| Naarden | 41.5 | ...... |
| Nat Ned Cert. | 222.8 | —1.8 |
| Ned. Credit Bank | 40 | ...... |
| Ned M d Bank | 154 | —1 |
| Nedlloyd | 125 | +1.2 |
| Oce Grinten | 237 | —1 |
| Ommeren (Van) | 25.5 | —0.8 |
| Pakhoed | 60 | —4.5 |
| Philips | 50.2 | —0.2 |
| Rijn-Schelde | 1.6 | —0.3 |
| Robeco | 65.5 | —0.2 |
| Rodamco | 131.7 | ...... |
| Rolinco | 62.8 | —0.3 |
| Rorento | 203.4 | +0.2 |
| Royal Dutch | 165 | —0.2 |
| Unilever | 271 | ...... |
| VMF Stork | 128.5 | ...... |
| VHU | 160 | +2.0 |
| West Utr Bank | 87.3 | —1.7 |

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings xa Ex all.

## NORWAY

[illegible]

## SPAIN

[illegible]

## SWEDEN

[illegible]

## SWITZERLAND

[illegible]

## AUSTRALIA

[illegible]

## AUSTRALIA (continued)

[illegible]

## HONG KONG

[illegible]

## JAPAN

[illegible]

## JAPAN (continued)

[illegible]

## SINGAPORE

[illegible]

## SOUTH AFRICA

[illegible]

## CANADA

### TORONTO

*Closing prices August 30*

[illegible]

### MONTREAL

*Closing prices August 30*

[illegible]

# OVER-THE-COUNTER

*Nasdaq notional market, closing prices*

[illegible]

## LONDON

**Chief price changes**
**(in pence unless otherwise indicated)**

**RISES**

| | | |
|---|---|---|
| Blue Circle | 403 | +13 |
| Blundell-Perm. | 188 | +14 |
| Brit. Aerospace | 343 | + 8 |
| Brit. Dredging | 54 | + 4 |
| Brit. Home St. | 218 | + 6 |
| British Vita | 172 | +11 |
| Burton | 271 | + 7 |
| DRG | 130 | + 8 |
| Fleet Hldgs. | 200 | + 6 |
| Glanfield Lawr. | 49 | + 5 |
| Home Co. News | 126 | + 8 |
| Ind. Fin. & Inv. | 107 | + 7 |
| Jaguar New | 180 | + 8 |
| Land Securities | 293 | + 6 |
| Our Price | 238 | +11 |
| Pentland Inds. | 128 | +15 |
| Pressac | 183 | + 8 |
| Rothmans Intl. | 162 | + 5 |
| Ward Hldgs. | 140 | + 7 |
| Berkely Expln. | 143 | + 6 |
| BP | 495 | +10 |
| Anglo-Indon. | 205 | +17 |
| Cobra E. Mines | 65 | +17 |

**FALLS**

| | | |
|---|---|---|
| Johnson Clean. | 351 | —14 |
| Ladbroke | 200 | — 8 |
| Lec Refrig | 335 | — 8 |
| Memory Comp. | 70 | —15 |
| Stewart Plastics | 99 | — 7 |
| Tate & Lyle | 380 | — 6 |
| Whitworth Elec. | 58 | — 7 |

Continued on Page 30

# AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 21

[illegible]

# LONDON STOCK EXCHANGE

MARKET REPORT

## Conflicting late reports on dock strike throw markets into confusion

Account Dealing Dates

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| July 30 | Aug 9 | Aug 10 | Aug 20 |
| Aug 13 | Aug 30 | Aug 31 | Sept 10 |
| Sept 3 | Sept 13 | Sept 14 | Sept 24 |

* "New-time" dealings may take place from 8.30 am two business days earlier.

Conflicting late reports on dock strike throw markets into confusion — — — — —

A sedate London stock market session erupted an hour or so before the official, 3.30 pm, close of business yesterday on reports of conflicting developments in the UK dock dispute. News-agency messages about the situation at the capital's Tilbury docks at first delighted the market and a short while later threw it into confusion. Original reports stated that Tilbury dockers had voted to return to work but this was subsequently denied by union officials. The situation remained extremely unclear.

Investment activity earlier had contracted sharply, reflecting concern over the scale of disruption in Britain's ports. Slightly easier Wall Street values overnight also made for a more cautious approach awaiting the Tilbury result and today's other crucial vote at Felixstowe. After Wednesday's unexpected upsurge, leading shares eased a penny or two, but with little positive evidence of investors wanting to realise short-term profits, the undertone remained very sound.

Through the late expansion in demand, further pressures were exerted on dealers' book positions. Fresh bear squeezes resulted which often exaggerated the gains in prices. Despite the docks' confusion, the tone began to improve in the after-hours' trade and the FT Industrial Ordinary share index closed 2.7 up at the day's best of 852.5; at noon the measure had been a net five points lower.

Gilt-edged investors showed no such enthusiasm. In the continued absence of any worthwhile interest, quotations were influenced by the current movement in futures markets and drifted a shade lower. A small demand was eventually aroused by the late dock news but investors soon lost interest and prices closed narrowly mixed on the session.

### Composites improve

Business in Insurances remained light but Composites moved higher in places. Ahead of their respective interim statements, scheduled for next Wednesday, Sun Alliance rose 5 to 387p and GRE 9 to 596p.

The major clearing banks failed to extend the previous day's late rise. Lack of fresh support resulted in a downward drift which left Midland 4 down at 328p and NatWest the same amount easier at 478p: the latter's new nil-paid shares lost 7 at 273p. Elsewhere, Cattles Holdings firmed a penny to 24½p following the half-term figures.

A subdued market of late, privatised motor manufacturer Jaguar drew fresh support and moved up 8 to 180p.

Building Material issues continued to feature Blue Circle which moved up 13 for a two-day gain of 20 to 403p helped by a broker's circular. On the other hand, Harmac slipped 4 to 460p, after 458p, following comment in a trade magazine suggesting that the possible import of French and Italian bitumen could harm the company's prospects. Elsewhere, Costain firmed 4 to 296p, but Taylor Woodrow eased 5 to 335p and AMEC shed 2 to 228p, the last-named still overshadowed by the slightly disappointing interim results. A broker's recommendation sparked support for British Dredging, up 4 at 54p, while better-than-expected half-year profits and a confident statement lifted Ward Holdings Ordinary 7 to 140p and the Deferred 13 to 131p.

ICI slipped to 608p initially, but renewed U.S. demand boosted the price to 614p before the close of unchanged on balance at 612p. Among other Chemicals, Stewart Plastics shed 7 to 99p on disappointment with the annual results, while Scottish Agricultural Industries lost 5 to 313 pfollowing lower interim profits.

### BHS feature

The Store majors gave an impressive performance, closing at the day's best levels as buyers showed an increased interest. British Home Stores attracted a good deman din the wake of an investment recommendation and ended 6 higher at 218p, while Marks and Spencer moved up 3 to 114p for the same reason. Burton continued firmly at 271p, up 7, while Debenhams added 5 to 181p and Habitat put on 2 to 294p. Still drawing strength from the Board's recent large-scale restructuring proposals aimed at revitalising the store's retailing operations, Woolworth advanced 10 to a new peak for the year of 543p.

Secondary issues were featured by a rise of 11 to 238p in Our Price following Wednesday's announcement that the record industry has reversed a five-year decline in sales with the value of UK trade record deliveries up 18 per cent in the second quarter of this year. Fine Art Developments gained 4 to 68p, while improvements of 5 were seen in Body Shop, 205p, French Connection, 340p, and John Menzies, 195p. Among Shoe and Leather concerns, Strong and Fisher cheapened 6 to 137p on profit-taking.

Leading Electricals followed the general trend with quotations picking up after an easier start. Elsewhere, Memory Computer remained a depressed market following the re-stated preliminary figures and fell 15 more to 70p. Lower annual profits left Whitworth Electric 7 lower at 58p, while Lec Refrigeration reflecting disappointing interim figures, eased 8 to 535p. Bowthorpe, in contrast, met with buyers and put on 10 to 318p, while gains of 8 were recorded in Oxford Instruments, 288p, Pressac, 183p, and VG Instruments, 224p.

Engineers passed a relatively quiet session. Davy Corporation, down to 78p initially, rallied to close only a penny easier on balance at 82p despite Babcock's denial of bid intentions. Revived demand left Matthew Hall 6 dearer at 274p, but the first half return to profitable trading failed to help Thomas Robinson, 2 cheaper at 36p, after 25p.

"New time" demand on hopes of an increased bid from Tate and Lyle lifted Brooke Bond to 114p before profit-taking brought an unchanged close of 111p. T & L dipped to 375p prior to settling a net 6 off at 380p. Other Foods retained a firm appearance. Tesco put on 3 more to 190p and Kwik Save hardened a couple of pence to 162p. Take-over hopes continued to buoy Singlo, up another 1½ at 66½p, while revived demand lifted Bejam 5 to 149p. Elsewhere, recently-overlooked Unigate picked up 3 at 126p.

Acute disappointment with the interim results, particularly the performance of the UK betting shops' division, prompted a sharp reaction in Ladbroke which dipped to 197p prior to closing a net 8 down at 200p.

### BAe below best

Easier initially, leading Miscellaneous Industrials rallied to finish the day with small mixed movements on balance. Elsewhere, British Aerospace, awaiting the expected bid from GEC advanced to 350p before settling below the best at 343p for a rise of 8 on balance. Bid speculation left Blundell-Permoglaze 14 higher at 188p, after 192p, but Johnson Group Cleaners fell 14 to 351p on lower interim profits. Sketchley eased 4 to 378p in sympathy. Good half-year figures, however, left Pentland 15 higher at 128p, after 130p. British Vita attracted buyers and put on 11 to 172p. Other bright spots included Polly Peck, 9 to the good at 214p, and Chubb, 8 higher at 268p, the latter awaiting further bid developments. Expamet improved 6 to 95p, while Staffordshire Potteries, preliminary results due shortly, put on 4 at 84p. In contrast, NMW Computers came on offer at 275p, down 10, along with Business Computers, 5 lower at 55p.

Glanfield Lawrence featured the Motor sector, rising 5 to 49p in response to bumper interim profits. Automotive Products hardened 2 to 63p ahead of Monday's half-yearly figures, while similar improvements were seen in Dunlop, 42p, and Lucas, 183p.

Fleet Holdings figured prominently among newspapers, rising 6 to 200p, after 201p, in response to the doubled final dividend and better-than-expected annual profits. Home Counties were marked up 8 to 128p on news of the agreed bid from the holding company. Among Paper/Printings, DRG stood out with a speculative gain of 8 to 130p; the interim results are scheduled for September 26.

A favourable Press response to Slough Estates' interim results encouraged fresh demand for other leading Properties which took the previous day's good gains a stage further. Land Securities rose 6 more to 293p and MEPC firmed 4 to 319p. Slough Estates were 2 dearer at 138p and Hammerson "A" 10 higher at 445p. Peachey improved 3 to 220p, while Stock Conversion rose 4 to 367p. Elsewhere, Mountview Estates continued to respond to a newsletter recommendation and moved up 13 for a three day advance of 46 to a 1984 peak of 318p. Imry hardened 5 to 315p awaiting today's annual results. Markheath Securities put on 8 to 118p in a restricted market. Daejan attracted fresh demand and firmed 5 to 268p, while Stockley and Dares Estates both gained the turn, at 57p and 22p respectively.

In a quietly dull Shipping sector, Lofs fell 1½ to 3p; news of the disappointing response to the rights issue came as no surprise and had no further affect on late sentiment. Common Bros shed 7 to 140p, while P & O Deferred at 317p, gave back a penny of the previous day's rise of 6.

Rothmans International rose 5 more for a two-day jump of 16 to 162p on revived talk of a bid from either major shareholder Philip Morris of the U.S., or South Africa's Rembrandt. Interest in Imps waned after Wednesday's speculative spurt and the close was unaltered at 161p.

Industrial Finance and Investment Corporation provided an isolated firm feature in Financial Trusts, rising 7 to 107p in reply to the increased final dividend and more-than-doubled annual profits.

### Oils gain ground

Although concern about crude oil price trends remained a restraining influence on business, the oil majors traded firmly throughout the session. British Petroleum were finally 10 higher at 495p, while Shell closed 5 dearer at 650p. LASMO's interim profits were deemed satisfactory and the price touched 310p before settling 3 firmer on balance at 308p; the OPS rose 10 to 480p. Tricentrol were supported and rose 7 to 210p, but both Britoil and Ultramar were unchanged at 240p and 250p respectively. Charterhouse shed 4 to 142p, after 140p, on the slightly disappointing half-year figures, but Berkeley Exploration gained 6 to 143p on news that the former had increased its stake in the company to 18.6 per cent. Renewed speculative demand lifted Petranol 17 to 480p. Irish stocks attracted "new time" buying initially, but this soon petered out and quotations drifted back to close generally easier on balance. Eglinton finished 3 cheaper at 92p and Bryson gave up 30 to 300p. Oliver Prospecting and Mining lost 15 to 130p.

In Plantations, Anglo-Indonesian jumped 17 to a new peak for the year of 205p on persistent small buying following the announcement that the International Investment Trust of Jersey has increased its stake in the company to just over 13 per cent. Consolidated Plantations hardened 1½ to 93½p in anticipation of Monday's annual results.

### Golds remain subdued

Mining markets again lacked incentive following another unimpressive performance by bullion—the gold price has hovered around the $350 per ounce level throughout the current trading Account and yesterday, influenced by a firmer dollar, eased $1.5 to close at $348.5 per ounce.

Firmer at the outset, again reflecting overnight Wall Street, South African Golds retreated from the best levels. Johannesburg operators were small sellers of leading issues as the rand eased slightly against the dollar, and closing gains were restricted to around a point.

Heavyweights featured Randfontein, 1½ dearer at £89¼, while rises of around a half-point were noted in Southvaal, £39¼, Vaal Reefs, £81¼, and President Steyn, £35¼. A relative backwater recently, marginals attracted a slightly improved business, particularly those in the Gencor group due to announce final dividends next Thursday; Leslie, 300p, and Bracken, 165p, rose 10 and 5 respectively, while Unisel advanced 23 to 367p. The FT Gold Mines index rose 5.4 to 569.4.

Among South African Financials, De Beers met with sporadic New York support and hardened a couple of pence to 443p thereby continuing the steady recovery from the setback caused by the merely maintained interim dividend. Still benefiting from the impressive preliminary figures, "Johnnies" rose 2½ to £26.

London Financials also made modest progress, especially RTZ which advanced 10 at 572p, a rise that dealers attributed to the recent strength of the copper price. Gold Fields dipped to 507p earlier, but reverted to close unchanged at 512p; the preliminary results are scheduled for September 18.

Further consideration of the disappointing full-year figures from Peko-Wallsend and MIMS deterred demand for Australians. The former finished 4 off at 318p, while the latter eased a couple of pence to 193p. Western Mining, 221p, and CRA, 340p, both due to reveal trading statements shortly also lacked support.

Elsewhere, Canada's Cobra Emerald spurted 17 to 65p following boardroom changes and capital injections.

Demand for Traded Options held up well in the wake of the expiry of the August series on Wednesday. Total contracts struck amounted to 3,281 with the FTSE 100 accounting for 457 calls and 511 puts. Jaguar attracted fresh support attracting 370 calls, 103 in the December 180's, 4 up at 14p. Today sees the introduction of option trading in BAT Industries. ......

## FINANCIAL TIMES STOCK INDICES

| | Aug 30 | Aug. 29 | Aug 28 | Aug. 24 | Aug. 23 | Aug. 22 | Year ago |
|---|---|---|---|---|---|---|---|
| Government Secs ... | 70.75 | 78.78 | 79.65 | 79.76 | 70.89 | 80.17 | 79.51 |
| Fixed Interest ......... | 83.81 | 85.23 | 85.81 | 83.36 | 85.29 | 83.45 | 82.18 |
| Industrial Ord......... | 852.5 | 849.8 | 832.4 | 836.8 | 835.2 | 841.6 | 706.6 |
| Gold Mines ............ | 600.4 | 064.0 | 661.0 | 370.9 | 678.4 | 670.2 | 872.6 |
| Ord. Div. Yield......... | 4.85 | 4.84 | 4.94 | 4.90 | 4.01 | 4.88 | 4.73 |
| Earnings, Yld.% (full) | 11.81 | 11.88 | 11.57 | 11.49 | 11.50 | 11.49 | 9.59 |
| P/E Ratio (net) (*)...... | 10.63 | 10.60 | 10.40 | 10.47 | 10.40 | 10.46 | 12.08 |
| Total bargains (Est.) | 16,120 | 15,478 | 17,436 | 17,799 | 17,984 | 17,635 | 20,546 |
| Equity turnover £m. | — | 204.18 | 131.18 | 176.87 | 223.80 | 247.11 | 170.36 |
| Equity bargains ...... | — | 13,820 | 13,057 | 12,744 | 14,642 | 16,527 | 17,163 |
| Shares traded (ml)... | — | 116.6 | 82.7 | 102.8 | 112.8 | 132.8 | 151.2 |

10 am 846.5. 11 am 844.8. Noon 844.8. 1 pm 846.3. 2 pm 847.0. 3 pm 850.9.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.12.

## HIGHS AND LOWS / S.E. ACTIVITY

| — | 1984 High | 1984 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs | 85.77 (9/1) | 75.72 (30/7) | 127.4 (9/1/35) | 40.48 (3/1/75) |
| Fixed Int. | 87.48 (14/3) | 80.43 (30/7) | 165.4 (28/11/47) | 50.03 (31/1/75) |
| Ind. Ord. | 922.8 (3/5) | 755.3 (23/7) | 922.8 (3/5/84) | 40.4 (26/6/40) |
| Gold Mines | 711.7 (8/3) | 488.7 (1/8) | 734.7 (15/2/83) | 43.5 (26/10/71) |

| | Aug. 29 | Aug. 28 |
|---|---|---|
| Daily Gilt Edged Bargains ... | 100.6 | 109.7 |
| Equities Bargains ... | 88.5 | 84.6 |
| Value ... | 412.7 | 860.1 |
| 5-day Average Gilt Edged Bargains ... | 118.2 | 118.5 |
| Equities Bargains ...... | 89.0 | 90.8 |
| Value ...... | 398.3 | 395.1 |

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thur Aug 30 1984: Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 30%) | Est. P/E Ratio (Net) | Wed Aug 29 Index No. | Tues Aug 28 Index No. | Fri Aug 24 Index No. | Thur Aug 23 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

## FIXED INTEREST

| PRICE INDICES | Thur Aug 30 | Day's change % | Wed Aug 29 | xd adj. today | xd adj. 1984 to date |
|---|---|---|---|---|---|
| British Government | | | | | |
| 1 5 years | [illegible] | | | | |
| 2 5-15 years | [illegible] | | | | |
| 3 Over 15 years | [illegible] | | | | |
| 4 Irredeemables | [illegible] | | | | |
| 5 All stocks | [illegible] | | | | |
| 6 Debentures & Loans | [illegible] | | | | |
| 7 Preference | [illegible] | | | | |

| AVERAGE GROSS REDEMPTION YIELDS | Thur Aug 30 | Wed Aug 29 | Year ago (approx.) |
|---|---|---|---|
| [illegible] | | | |

BRITISH GOVERNMENT INDEX-LINKED STOCKS

| | | | | | |
|---|---|---|---|---|---|
| 8 All stocks | [illegible] | | | | |

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## EUROPEAN OPTIONS EXCHANGE

| Series | | Nov. Vol. | Nov. Last | Feb. Vol. | Feb. Last | May Vol. | May Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $350 | — | — | — | — | 0 | 30 | $347.80 |
| GOLD C | $375 | 107 | 2 | — | — | — | — | " |
| GOLD P | $325 | 110 | 5 | — | — | — | — | " |
| GOLD P | $350 | 47 | 8.50 | — | — | — | — | " |
| | | Sept. | | Dec. | | Mar. | | |
| SILVER C | $8 | 5 | 0.13 | — | — | 50 | 0.75 | $7.61 |
| [illegible] | | | | | | | | |

TOTAL VOLUME IN CONTRACTS: 15,787

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

## EQUITIES

| Issue price p | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price p | + or − | Net dividend | Times covered | Gross yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | | |

## FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

## "RIGHTS" OFFERS

| Issue price p | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. o Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. † Units comprising 5 Ord. £1 nom 12 per cent Cnv.Uns.Ln. 95/2000.

## NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (58)

AMERICANS (5): Abbott Laboratories, Lockheed, Bowater Inc, SCA Services, Data General

CANADIANS (2): Imperial Oil, Seagram

STORES (1): Woolworth

ELECTRICALS (4): FKI Electricals, Mellerware Int'l, Goring Kerr, Telephone Rentals

FOODS (4): Argyll Group, Matthews (B.), Meadow Farm Produce, Singlo

INDUSTRIALS (8): Blundell-Permoglaze, Lep, Brammer, Pentland Inds, OPCE, Phillips Patents, Ferguson Ind, Ramco Oil

INSURANCE (5): GRE, Steel Burrill Jones, Heath (C. E.), Willis Faber, Sedgwick

NEWSPAPERS (1): East Midland Allied

PAPER (2): LCA Hldgs, Watmoughs

PROPERTY (6): Daejan, Slough Ests 10pc Cnv Uns '87-90, Fairview Estates, Laing Props, Stock Conversion, Mountview Ests

SHIPPING (1): Hunting Gibson

TEXTILES (1): Dawson Int'l

TOBACCOS (1): Rothmans Int'l

TRUSTS (3): Alliance Trust, London Trust, F. & C. Pacific

OILS (1): Sceptre Resources

OVERSEAS TRADERS (1): Steel Bros

PLANTATIONS (1): Anglo-Indonesian

MINES (3): East Rand Cons, McKinley Red Lake, Keywest Invs

NEW LOWS (13)

STORES (1): Wigfall (H.)

ELECTRICALS (3): Dale Electric, Real Time Control, Memory Computer

FOODS (1): Benson's Crisps

INDUSTRIALS (5): Assoc Brit Engineering, Business Computers, Bio-Isolates, Hanover Inv, Johnson Group, Unit Guarantee

NEWSPAPERS (1): Assoc Newspapers

SHIPPING (1): Lon. & O'seas Freighters

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change |
|---|---|---|
| British Aerospace ...... | 343 | + 8 |
| British Home Stores | 218 | + 6 |
| BP ...................... | 495 | +10 |
| Brooke Bond ............ | 111 | — |
| DRG ...................... | 130 | + 8 |
| Fleet Holdings ........ | 200 | + 6 |
| ICI ........................ | 612 | — |
| Johnson Cleaners ...... | 351 | −14 |
| Ladbroke ................ | 200 | − 8 |
| LASMO .................. | 308 | + 3 |
| Pentland Industries ... | 128 | +15 |
| Shell Transport ........ | 650 | + 5 |

## WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Wed. close | Day's change |
|---|---|---|---|
| BTR ............... | 17 | 502 | +20 |
| Imperial Group | 14 | 101 | + 6 |
| Blue Circle...... | 13 | 390 | + 7 |
| Birmid Qualcast | 12 | 81 | + 5 |
| Brit. Aerospace | 12 | 335 | +15 |
| Glaxo ............ | 12 | 953 | +13 |
| NatWest Bank† | 12 | 260pm | + 6 |
| Pilkington Bros. | 13 | 275 | +12 |
| Reed Intnl. ... | 12 | 460 | +10 |
| Rothman's Intl. | 12 | 137 | +11 |
| Tate & Lyle ... | 12 | 396 | +13 |
| Beecham ...... | 11 | 343 | + 3 |
| Cable Wireless | 11 | 320 | + 8 |
| ICI ............. | 11 | 612 | + 6 |

† Nil-paid.

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Aug 20 | Aug 31 | Nov 22 | Dec 3 |
| Sept 10 | Sept 21 | Dec 6 | Dec 17 |
| Sept 24 | Oct 5 | Dec 20 | Dec 31 |

*For rate indications see end of Share Information Service.*

Money was given for the call of K. O. Boardman International, Bryson, Bula, Oceonics, STC, Ramar Textiles, C. H. Bailey, Atlantic Resources, Clyde Petroleum, Automotive Products, Berkeley and Hay Hill, Burmah Oil and Eglinton Oil and Gas. A put was done in Ashton Mining, while doubles were taken out in Howard Machinery, Bula and English China Clays.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds ...... | 17 | 26 | 61 |
| Corpns. Dom. and Foreign Bonds ... | 12 | 4 | 63 |
| Industrials .......... | 279 | 220 | 918 |
| Fin. and Props. ... | 129 | 52 | 345 |
| Oils .................. | 21 | 15 | 87 |
| Plantations ........ | 7 | 1 | 10 |
| Mines ................ | 48 | 20 | 112 |
| Others .............. | 43 | 67 | 128 |
| Totals ................ | 556 | 405 | 1,724 |

## LONDON TRADED OPTIONS

| Option | Calls Oct. | Calls Jan. | Calls Apr. | Puts Oct. | Puts Jan. | Puts Apr. |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| Option | Calls Nov. | Calls Feb. | Calls May | Puts Nov. | Puts Feb. | Puts May |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

| Option | Calls Sep. | Calls Dec. | Calls Mar. | Puts Sep. | Puts Dec. | Puts Mar. |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

Aug. 30. Total Contracts 3,281. Calls 2,157. Puts 1,124

* Underlying security price.

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

| 1984 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 105¾ | 101⅝ | Treas. 15pc 1985 | 101 | – | 14.71 | 10.52 |
| 102¾ | 100 | Exch. 12pc Cnv. '85 | 100 | ..... | 11.89 | 10.38 |
| 95½ | 93 | Treas 3pc 1985 | 94⅞ | ..... | 3.16 | 10.51 |
| 102⅝ | 99½ | Treas 11½pc 1985 | 100 | – | 11.42 | 10.58 |
| 99¾ | 96 | Treas 8¾pcCnv '85 | 98 | ..... | 8.90 | 10.56 |
| 104 | 99¾ | Exch. 12¼pc 1985 | 101½ | + | 12.07 | 10.00 |
| 103 | 99 | Exch. 11¼pc '86 | 100 | ..... | 11.66 | 11.10 |
| 102 | 96 | Treas. 10pcCnv 1986 | 98 | + | 10.20 | 11.11 |
| 91 | 88¼ | Treas 3pc 1986 | 90⅝ | + | 1.31 | 9.00 |
| 102 | 96¼ | Exch. 10½pc Cv '86 | 98 | + | 10.61 | 11.15 |
| 104 | 99 | Treas 12pc 1986 | 100 | + | 11.89 | 11.35 |
| 98¾ | 93½ | Treas 8½pc 1984-86‡‡ | 95⅝ | + | 8.89 | 11.14 |
| 108 | 102 | Exch. 14pc 1986 | 104½ | ..... | 13.40 | 11.54 |
| 87¼ | 85 | Exch. 2½pc 1986 | 86⅝ | ..... | 2.89 | 9.27 |
| 107 | 100 | Exch. 13¼pc 1987 | 103 | + | 12.83 | 11.57 |
| 100⅝ | 94½ | Treas 10¼pcCv '87 | 97 | – | 10.56 | 11.63 |
| 86¼ | 83¼ | Exch 2½pc 1987 | 85¼ | + | 2.93 | 9.28 |
| 101 | 94½ | Exch. 10½pc 1987 | 97 | ..... | 10.82 | 11.82 |
| 92 | 87 | Funding 6½pc '85-87‡‡ | 89 | – | 7.30 | 11.38 |
| 99⅝ | 92¾ | Treas. 10pc 1987 | 95 | + | 10.42 | 11.72 |
| 85 | 81 | Treas 3pc 1987 | 83⅝ | ..... | 3.59 | 9.66 |
| 205 | 97¼ | Treas 12pc 1987 | 100½ | ..... | 11.94 | 11.76 |
| 94¾ | 87 | Treas 7¾pc 1985-88‡‡ | 89 | + | 8.62 | 11.11 |
| 100¼ | 92 | Exch 10½pc '88 | 96 | + | 10.93 | 11.82 |
| 98 | 89 | Treas 9¾pc Cv '88 | 93⅝ | + | 10.41 | 11.86 |
| 82 | 77 | Transport 3pc '78-88 | 77⅞ | ..... | 3.87 | 10.19 |
| 96 | 88 | Treas. 9½pc '88 | 92¼ | – | 10.31 | 11.44 |
| 106¼ | 94 | Treas 11½pc 1989 | 98 | ..... | 11.62 | 11.79 |
| 95 | 81 | Treas 9½pc Cnv. '89 | 92 | + | 10.29 | 11.69 |
| 96 | 90 | Treas 10½pc 1989 | 95⅛ | – | 11.04 | 11.84 |
| 100 | 88¾ | Exch.10pc 1989 | 93⅛ | – | 10.74 | 11.87 |
| | | **Five to Fifteen Years** | | | | |
| 38 | 35 | Exch 11pc 1989 (£35pd) | 37 | ..... | 11.38 | 11.85 |
| 05¼ | 77½ | Treas 5pc 1986-89 | 81 | ..... | 6.25 | 10.09 |
| 222¼ | 100¼ | Treas 13pc 1990‡‡ | 106¼ | ..... | 12.43 | 11.80 |
| 110⅝ | 101½ | Exch. 12½pc 1990 | 101 | + ⅛ | 12.20 | 11.89 |
| 93¼ | 84⅝ | Treas 8¼pc 1987-90‡‡ | 89⅝ | – ⅛ | 9.39 | 11.13 |
| 98 | 90⅝ | Treas. 10pcCv 1990 | 97⅝ | ..... | 10.84 | 11.79 |
| 107 | 94¼ | Treas 11¾pc 1991 | 101¼ | + ⅛ | 11.80 | 11.83 |
| 84¼ | 15⅝ | Funding 5¾pc '87-91‡‡ | 80¼ | ..... | 7.33 | 10.34 |
| 105¾ | 93⅞ | Exch. 11pc 1991 | 100¼ | ..... | 11.43 | 11.77 |
| 212⅝ | 98⅞ | Treas 12¾pc 1992‡‡ | 105¾ | – ⅛ | 12.22 | 11.85 |
| 300⅝ | 86 | Treas 10pc 1992 | 92⅛ | – ⅛ | 10.89 | 11.65 |
| 30¼ | 30 | Tr.10½pcCv'92£30pd● | 30 | – | 11.02 | 11.44 |
| 111⅛ | 95¼ | Exch. 12¼pc '92 | 102¼xd | – ⅛ | 12.82 | 11.82 |
| 117½ | 106¼ | Exch 13½pc 1992 | 107¼xd | ..... | 12.49 | 11.93 |
| 113¾ | 98¼ | Treas 12½pc 1993‡‡ | 105⅜ | + ⅛ | 12.85 | 11.80 |
| 78¼ | 71¼ | Funding 6pc 1993‡‡ | 73½xd | ..... | 8.14 | 10.58 |
| 221¾ | 106¼ | Treas 13¾pc 1993‡‡ | 114¼ | ..... | 12.44 | 11.83 |
| 326¼ | 108¼ | Treas 14½pc 1994‡‡ | 115⅞xd | + ⅛ | 12.51 | 11.69 |
| 120⅝ | 106 | Exch 13½pc 1994 | 113¾ | ..... | 12.37 | 11.88 |
| 114⅛ | 96¼ | Exch. 12½pc 1994 | 104⅝ | ..... | 11.98 | 12.75 |
| 94½ | 82⅞ | Treas 9pc 1994‡‡ | 88¼ | ..... | 10.45 | 11.50 |
| 109¼ | 94⅞ | Treas 12pc 1995 | 102⅞ | – ⅛ | 11.80 | 11.70 |
| 64¼ | 58¼ | Gas 3pc '90-95 | 62¼ | ..... | 4.90 | 8.63 |
| 99½ | 86 | Exch. 10¼pc 1995 | 93 | – ⅛ | 11.16 | 11.58 |
| 117¾ | 102⅝ | Treas 12¾pc 1995‡‡ | 110¼ | ..... | 11.92 | 11.60 |
| 122⅝ | 106⅞ | Treas. 14pc '96 | 115¼ | ..... | 12.31 | 11.76 |
| 94¾ | 83½ | Treas 9pc 1992-96‡‡ | 85¾xd | ..... | 10.46 | 11.18 |
| 134¾ | 118¼ | Treas 15¼pc 1996‡‡ | 127⅛ | ..... | 12.49 | 13.71 |
| 122¼ | 106½ | Exch 13¼pc 1996‡‡ | 115 | – ⅛ | 11.93 | 11.49 |
| 69½ | 63¾ | Redemption 3pc 1986-96 | 66¼xd | ..... | 4.51 | 7.20 |
| 120 | 104½ | Treas 13¼pc 1997‡‡ | 112⅞ | ..... | 11.89 | 11.48 |
| 104½ | 87⅞ | Exch 10½pc 1997 | 94⅝ | ..... | 11.13 | 11.55 |
| 92½ | 77½ | Treas 8¾pc 1997‡‡ | 83¾xd | ..... | 10.46 | 11.16 |
| 134⅝ | 118¼ | Exch. 15pc 1997 | 127⅛ | ..... | 12.30 | 11.60 |
| 95½ | 84½ | Exch. 9¾pc 1998 | 91⅛ | – ½ | 10.82 | 21.18 |
| 78 | 68 | Treas 6¾pc 1995-98‡‡ | 73½ | ..... | 9.47 | 10.82 |
| 238⅝ | 123⅞ | Treas. 15½pc '98‡‡ | 125⅞xd | – ¼ | 12.19 | 11.56 |
| 113 | 100¼ | Exch. 12pc 1998 | 107⅞ | ..... | 12.48 | 11.34 |
| 96 | 83⅞ | Treas 9½pc 1999‡‡ | 90¾ | ..... | 10.66 | 11.01 |
| 116¼ | 104 | Exch. 12¼pc 1999 | 105⅞xd | ..... | 11.48 | 11.31 |
| 104½ | 91 | Treas. 10½pc 1999 | 98¾ | ..... | 11.01 | 11.14 |
| | | **Over Fifteen Years** | | | | |
| 302½ | 89¼ | Conversn 10¼pc 1999 | 96⅜ | ..... | 10.96 | 11.13 |
| 121½ | 106½ | Treas. 13pc 2000 | 114¾ | – ⅛ | 11.50 | 11.21 |
| 128½ | 112¼ | Treas. 14pc '98-01 | 121 | ..... | 11.95 | 11.48 |
| 113¾ | 98⅝ | Exch. 12pc '99-02 | 107 | – ⅛ | 11.35 | 11.10 |
| 98⅞ | 90 | Conv. 10pc 2001 | 97⅞ | ..... | 10.64 | 10.76 |
| 126¼ | 110¼ | Treas. 13¾pc 2000-03 | 119⅞ | ..... | 11.61 | 11.22 |
| 114⅞ | 101½ | Treas. 11½pc 2001-04 | 104¼xd | – ⅛ | 10.97 | 10.87 |
| 50 | 43¾ | Funding 3½pc '99-04 | 47⅞ | ..... | 7.38 | 9.38 |
| 123⅝ | 107¾ | Treas. 12½pc 2003-05 | 116¼ | – ⅛ | 11.04 | 10.83 |
| 87¼ | 76⅞ | Treas. 8pc 2002-06‡‡ | 83⅝ | ..... | 9.95 | 10.26 |
| 315⅝ | 100 | Treas. 11¾pc 2003-07 | 108⅞ | ..... | 10.92 | 10.78 |
| 132¼ | 117⅝ | Treas. 13½pc '04-08 | 120½xd | – ⅛ | 11.12 | 10.85 |
| 64⅞ | 56¼ | Treas. 5½pc 2008-12‡‡ | 59¾xd | ..... | 9.24 | 9.74 |
| 84¼ | 72¼ | Treas. 7¾pc 2012-15‡‡ | 79⅛ | ..... | 9.89 | 10.03 |
| 124½ | 108⅞ | Exch. 12pc '13-'17 | 117¼ | – ⅛ | 10.42 | 10.34 |
| | | **Undated** | | | | |
| 40⅞ | 35⅞ | Consols 4pc | 38⅝ | ..... | 10.44 | — |
| 37¾ | 32½ | War Loan 3½pc‡‡ | 34⅞ | – ⅛ | 10.29 | — |
| 44⅞ | 40½ | Conv. 3½pc '61 Aft. | 41xd | ..... | 8.48 | — |
| 31⅝ | 27¾ | Treas. 3pc '66 Aft. | 29¼ | ..... | 10.51 | — |
| 25¼ | 22¼ | Consols 2½pc | 24½ | ..... | 10.37 | — |
| 26 | 23 | Treas. 2½pc | 23⅞xd | ..... | 10.38 | — |
| | | **Index-Linked** | | | (1) | (2) |
| 104¾ | 101 | Treas. 2pc '88 (297.1) | 103xd | – ⅛ | 4.35 | 5.26 |
| 91¼ | 85 | Do. 2pc '90 (333.9) | 86⅞ | ..... | 4.69 | 5.31 |
| 106½ | 98¼ | Do. 2pc '96 (267.9) | 100¼xd | ..... | 4.01 | 4.37 |
| 97⅞ | 88⅝ | Do. 2½pc '01 (308.8) | 90⅞xd | ..... | 3.71 | 3.94 |
| 96½ | 81⅞ | Do. 2½pc '03 (310.7) | 91⅞ | ..... | 3.62 | 3.84 |
| 99⅞ | 90¼ | Do. 1pc '06 (274.1) | 93¼ | ..... | 5.50 | 3.68 |
| 95⅝ | 87¼ | Do. 2½pc '09 (310.7) | 90⅞ | ..... | 3.44 | 3.62 |
| 102¼ | 91⅝ | Do. 2½pc '11 (294.1) | 95½xd | + ⅛ | 3.39 | 3.56 |
| 92¾ | 82½ | Do. 1½pc '16 (322.0) | 86⅛ | ..... | 3.33 | 3.48 |
| 92 | 81⅞ | Do. 2½pc '20 (321.3) | 85⅞ | ..... | 3.30 | 3.44 |

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

### Building Societies

### Public Board and Ind.

### Financial

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS, HP & LEASING

### Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BEERS, WINES—Cont.

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY & STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 95 | 65 | Marley | 73xd | ..... | †3.2 | 2.5 | 6.3 | 0.2 |
| 58½ | 40 | Marling Ind. 10p | 54½ | −½ | 1.3 | ♦ | 3.4 | ♦ |
| 46 | 29 | Marshall L'sy. 'A' | 40 | ..... | 1.2 | 3.6 | 4.3 | (7.1) |
| *54 | 37 | Marshall's Univ | 46 | ..... | H1.75 | — | 5.4 | 13.8 |
| 30 | 70 | Martin-Black | 22# | ..... | — | — | — | — |
| £105 | £88 | Mathesons 7¾% | £95 | ..... | Q7¾% | 2.3 | 8.2 | — |
| 378 | 287 | Metal Box £1 | 354 | −4 | 15.0 | 3.8 | 6.1 | 6.0 |
| 220 | 129 | Metal Closures | 172 | ..... | 6.3 | 2.3 | 5.2 | (9.5) |
| 27 | 13 | Metal Sciences 2½p | 16 | +1 | — | — | — | — |
| 19 | 0 | Metamec Jentique | 12 | ..... | 0.01 | — | — | — |
| 133 | 83 | Midland Marts | 92 | +2 | 4.0 | 1.8 | 6.2 | 11.6 |
| 64½ | 45 | Mitchell Cotts | 58 | ..... | 3.62 | 1.0 | 8.9 | (15.4) |
| 29 | 13 | Moben Grp 1p | 15 | ..... | 0.5 | 2.5 | 4.8 | (9.5) |
| 168 | 132 | Morgan Crucible | 159 | ..... | 7.5 | 1.2 | 6.7 | (6.1) |
| 10 | 13½ | Morris (W) Fine Arts | 27 | +1 | bg0.25 | 4.0 | 2.1 | 15.6 |
| *95 | 80 | Moss (Robt.) 10p | 99 | ..... | 2.5 | 2.9 | 3.8 | 11.3 |
| 330 | 197 | NMW Computers | 275 | −10 | 6.0 | 3.8 | 3.1 | 15.3 |
| 65 | 45 | Nash Inds. | 47xd | ..... | 4.0 | 2.2 | 12.2 | 3.4 |
| 47 | 30 | Neill&Spencer 10p | 36 | ..... | — | — | — | 15.5 |
| 33 | 16 | Newman Industs | 21 | ..... | — | — | — | (11.8) |
| 31 | 16½ | Do. 10pc Cm. Cnv. Pf. | 20 | −1 | 10% | — | 7.1 | — |
| 67 | 43½ | Nolton | 58 | ..... | 1.0 | 2.9 | 2.9 | 17.6 |
| 379 | 232 | Norcros | 368 | ..... | 7.5 | 2.4 | 6.7 | 8.4 |
| 86 | 59 | Nu-Swift 5p | 65 | ..... | — | — | — | 12.7 |
| 300 | 30 | Oakwood Grp | 65 | ..... | ‡d6.5 | — | ‡ | — |
| 190 | 145 | Office & Elect | 163 | ..... | 7.5 | 2.8 | 6.6 | 7.3 |
| 875 | 700 | Oriflame Intl SA | 775 | ..... | Q53c | 2.2 | 5.3 | 0.6 |
| 46 | 25 | Overstone 12½pc | 30 | ..... | Q4.5c | 2.2 | 7.2 | 6.3 |

## INSURANCES

## LEISURE

## LEISURE—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 38 | 9 | Nimslo Int 20c | 11 | ..... | — | — | — | — |
| 137 | 104 | Norton Opax 10p | 123xr | +8 | Gd3.0 | 2.6 | 3.5 | 16.2 |
| 31½ | 14½ | Owners Abroad | 15¼ | −¼ | 0.75 | 6.1 | 7.0 | 2.7 |
| 66 | 35 | Photax (Lon) | 46 | ..... | — | — | — | — |
| 29½ | 20 | P'dilly Radio NV 5p | 20xd | ..... | 01.88 | 1.0 | 13.4 | 10.3 |
| 130 | 73 | Pineapple Dnc St 10p | 75 | ..... | d1.5 | 4.0 | 2.9 | 9.5 |
| 420 | 285 | Pleasurama 5p | 317 | ..... | 6.5 | 4.7 | 2.9 | 10.3 |
| 16 | 10½ | Pres Entertain 10p | 16 | ..... | bg0.4 | 2.8 | 3.6 | 29.3 |
| 158 | 75 | Radio City 'A' NV | 75 | ..... | 5.6 | 1.9 | 10.7 | 6.9 |
| 70 | 55 | Radio Clyde N/V | 55 | ..... | 3.0 | 1.4 | 7.8 | 12.0 |
| 248 | 48 | Riley Leisure 10p | 57 | ..... | 4.2 | 2.4 | 10.5 | 4.7 |
| 118 | 94 | Saga Hols. 20p | 101 | +1 | †3.75 | 1.6 | 5.4 | 16.6 |
| 390 | 290 | Samuelson Grp £1 | 370 | ..... | d12.0 | 2.7 | 4.6 | 11.5 |
| 27½ | 19 | Sangers Photo 10p | 20 | ..... | bg1.25 | 1.8 | 8.9 | 9.0 |
| 164 | 98 | Scott. TV 'A' 10p | 158 | ..... | 8.1 | 2.9 | 7.3 | 7.4 |
| 335 | 186 | SeaCo Inc $0.125 | 305 | ..... | — | — | — | — |
| 35 | 16 | SelecTV 10p | 18 | ..... | — | — | — | — |
| 140 | 115 | Spectrum 5p | 125 | ..... | b2.0 | 3.5 | 2.3 | 17.8 |
| 37 | 24 | TSW 5p | 30 | ..... | 1.2 | 2.2 | 5.7 | 11.6 |
| 150 | 79 | TVS N/Vtg 10p | 137 | ..... | †2.0 | 5.5 | 2.1 | 11.3 |
| 30 | 22 | Television Svcs 10p | 26 | ..... | g0.2 | 3.7 | 1.1 | 35.6 |
| 90 | 60 | Tottenham Hotspur | 64 | ..... | d2.3 | 1.6 | 5.6 | (6.8) |
| 161 | 120 | Trid'nt TV 'A' 10p | 156 | −1 | †5.5 | 1.8 | 3.0 | 13.4 |
| 168 | 100 | 21st Century Dist | 165 | ..... | — | — | — | — |
| 197 | 133 | Tyne Tees TV 'A' £1 | 155 | ..... | 8.25 | 2.4 | 7.6 | 8.0 |
| 83 | 53½ | Ulster TV N/V 'A' | 78 | ..... | h4.0 | 2.5 | 7.3 | 7.2 |
| 25½ | 17 | Webb (Jos.) 5p | 20½xd | −½ | d0.31 | ♦ | 3.0 | ♦ |
| 98 | 88 | Zetters 5p | 90 | ..... | †3.1 | 3.0 | 4.9 | 9.6 |

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING ADVERTISING

## PROPERTY

## PROPERTY—Continued

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## INVESTMENT TRUSTS—Cont.

### Finance, Land, etc

## OIL AND GAS

## OIL AND GAS—Continued

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm, Oil

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum



## MINES—Continued

### Central African

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 280 | 145 | Falcon 250c | 145 | −5 | Q100c | ♦ | 40.2 |
| 17 | 10 | Wankie Col $31 | 10 | ..... | — | — | — |
| 41 | 14 | Zam Cpr SBD0.24 | 17 | +1 | — | — | — |

### Australians

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 43 | 23 | WACM 50c | 27 | +1 | — | — | — |

### Tins

### Miscellaneous

## NOTES

## REGIONAL & IRISH STOCKS

## OPTIONS — 3-month call rates

"Recent Issues" and "Rights" Page 29

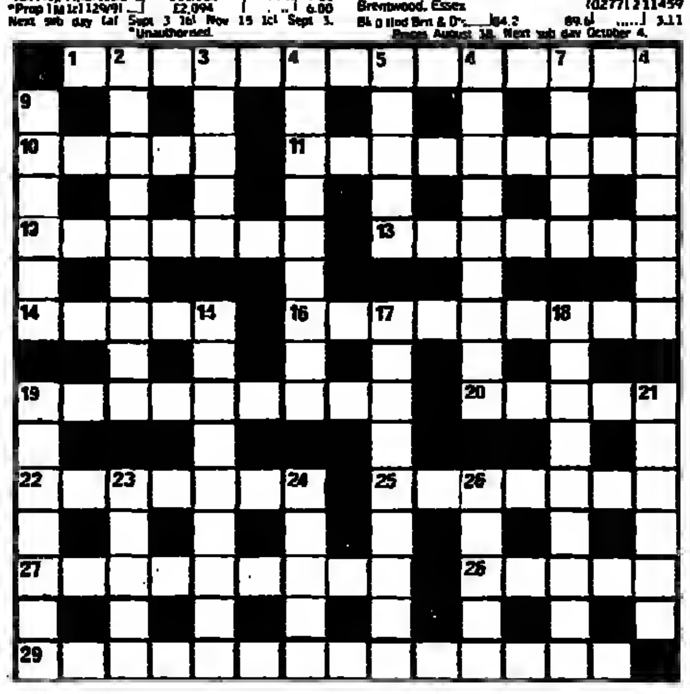
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

## INSURANCES

## F.T. CROSSWORD PUZZLE No. 5,505

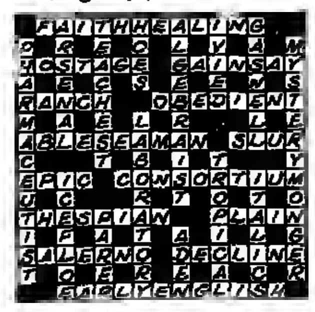


### ACROSS

1 Unlucky for some union, the cabin needs entire refit (6, 8)
10 Record carrier found in the vestry cupboard (5)
11 Held in the new purse Charles buys (8)
12 Indisposition I have mental breakdown about (7)
13 French, but comes back to see about the twins, perhaps (7)
14 Fight over test circuit (3-2)
16 Used by those aiming to support a view (9)
19 Unusual plea — trace the advocate (9)
20 Charges boys nothing to go in (5)
22 Stuffed with material hired last June (7)
25 Earning, you understand, some money by midnight (7)
27 Trick beds little Margaret brought back (9)
28 Can return about something used in pyrotechnics (5)
29 Those providing meals on wheels? (10, 4)

### DOWN

2 Up against one holding a gun, make things comfortable? (9)
3 Mark, showing evidence of membership, invited girls' head in (5)
4 Respectable Prue upset the board (9)
5 Causes pain to Ruth's cook (5)
6 Is informed during authentic recital (9)
7 Come after a printers' measure with Susan Little (5)
8 Having nothing initially, on the incline and starting to grow (7)
9 They may be pressed to make progress (6)
15 Carthorse taking round conducted group (9)
17 Ministers showing Glen mercy for a change (9)
18 Contented, I return the register to an ancient fighter (9)
19 The salesman's back with the new ruse he's studying (7)
21 Unhappy about food going up, gave way (6)
23 Cunning rider goes outside area (5)
24 Back with a piece of syncopated music by the French composer (5)
26 Medicine that may be mixed with gin (5)



Solution to Puzzle No. 5,504

# INSURANCE, OVERSEAS & MONEY FUNDS

**Liberty Life Assurance Co Ltd**
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co

| | | | | |
|---|---|---|---|---|
| Sel Sec A | 23.3 | 24.6 | — | — |
| Blue Chip | 19.7 | 20.8 | — | — |
| Fixed Yield | 18.7 | 19.7 | — | — |
| Guaranteed Mny | 15.5 | 16.4 | — | — |
| Managed | 18.6 | 19.6 | — | — |
| International | 24.9 | 26.3 | — | — |
| Property | 15.6 | 16.5 | — | — |
| Pacific | 19.0 | 20.0 | — | — |
| Equity | 14.9 | 15.7 | — | — |
| Special Sits | 21.9 | 23.1 | — | — |
| Int Currency | 13.4 | 14.2 | — | — |
| Index Linked Secs | 10.6 | 11.2 | — | — |
| American | 14.1 | 20.2 | — | — |

**Life Assur. Co. of Pennsylvania**
8, New Rd, Chatham, Kent. Medway 812348

| | | | | |
|---|---|---|---|---|
| LACOP Units | 13.49 | 14.17 | — | — |

**Lloyds Life Assurance**
20, Clifton St, EC2A 4HX. 01-920 0202

| | | | | |
|---|---|---|---|---|
| Multi Gwth August 6 | | £2.63792 | — | — |
| Multi Gwth 'A' Aug 6 | 242.1 | 255.1 | — | — |
| Op N Prop Aug 30 | 255.0 | 268.5 | — | — |
| Op.B Equity Aug 30 | 314.3 | 330.9 | +1.9 | — |
| Op B Hy Aug 30 | 260.1 | 273.8 | −3.4 | — |
| Op B Man Aug 30 | 312.6 | 329.1 | −0.9 | — |
| Op D Dep Aug 30 | 195.7 | 206.0 | +0.1 | 11.77 |
| Op B Int Bond Aug 30 | 168.5 | 177.4 | −0.8 | — |
| Op N Inc Dest Aug 30 | 133.6 | 140.7 | −0.5 | 8.90 |
| Op B Int Man Aug 30 | 182.8 | 192.5 | −0.9 | — |
| Op N US$ Aug 30 | 138.0 | 145.3 | −0.2 | 12.12 |
| Pens B Pr Ac July 31 | 319.0 | 335.8 | — | — |
| Pens B Eq Ac July 31 | 784.6 | 825.9 | — | — |
| Pens B FI Ac July 31 | 550.5 | 579.5 | — | — |
| Pens B Mil Ac July 31 | 504.4 | 531.0 | — | — |
| Pens B Dp Acc July 31 | 304.4 | 320.5 | — | — |
| PensBGart Glob July 15 | 891.0 | [illegible] | — | — |
| Pens B Gart BA July 15 | 974.0 | [illegible] | — | — |
| PensBGart Pac July 15 | 867.0 | | — | — |

For Pensions Capital Units please ring extension 519.

**Britannia Funds—Series A**

| | | | | |
|---|---|---|---|---|
| Am Smlr Co's Aug 29 | 131.3 | 138.3 | — | — |
| Am Spec Sits Aug 29 | 149.4 | 157.9 | — | — |
| Commodity Aug 29 | 78.4 | 82.6 | — | — |
| Extra Inc Aug 29 | 112.6 | 118.6 | — | — |
| Far East Aug 29 | 103.1 | 108.6 | — | — |

**National Provident Institution**
48, Gracechurch St, EC3P 3HH. 01-623 4200

| | | | | |
|---|---|---|---|---|
| Managed | 179.9 | 188.4 | +0.7 | — |
| UK Equity | 188.8 | 198.8 | +0.5 | — |
| Overseas Eq. | 180.4 | 189.9 | +0.2 | — |
| American | 185.1 | 144.9 | — | — |
| Far East | 169.7 | 170.7 | — | — |
| Property | 110.4 | 116.3 | +0.2 | — |
| Fixed Int | 134.5 | 162.7 | −0.1 | — |
| Indexed Gilt | 97.0 | 102.2 | — | — |
| Deposit | 111.8 | 117.4 | +0.1 | — |

**Pension Fund Prices**

| | | | | |
|---|---|---|---|---|
| Man. Initial | 177.5 | 186.9 | — | — |
| Man Acc. | 195.1 | 205.4 | +0.1 | — |
| UK Eq. Initial | 175.4 | 104.7 | +0.4 | — |
| UK Eq. | 190.1 | 200.2 | +0.4 | — |
| Overseas Eq. Initial | 199.7 | 210.3 | −0.3 | — |
| Overseas Eq. | 226.7 | 238.7 | −0.9 | — |
| American Initial | 198.8 | 209.3 | −0.1 | — |
| American | 216.4 | 227.8 | — | — |
| Far East Initial | 211.3 | 227.5 | −0.1 | — |
| Far East | 210.5 | 247.7 | −0.1 | — |
| Prop. Initial | 105.5 | 111.1 | +0.1 | — |
| Prop | 114.8 | 120.9 | +0.2 | — |
| Fixed Int. Initial | 138.0 | 145.3 | −0.2 | — |
| Fixed Int. | 149.8 | 137.7 | −0.2 | — |
| Indexed Gilt Initial | 91.8 | 96.7 | — | — |
| Indexed Gilt | 100.0 | 105.3 | — | — |
| Deposit Initial | 110.1 | 115.9 | +0.1 | — |
| Deposit | 120.1 | 126.5 | — | — |

**NPI Pensions Management Ltd.**

| | | | | |
|---|---|---|---|---|
| Managed Fund | 451.3 | 461.1 | — | — |

Prices Aug 1. Next dealing August 6.

**New Zealand Sth. Brit. Insce. PLC**
Maitland House, Southend SS1 2JS 0702 62955

| | | | | |
|---|---|---|---|---|
| Kiwi key (Managed) | 332.8 | 341.1 | — | — |
| UK Equity | 149.6 | 137.2 | +0.2 | — |
| American | 248.0 | 261.8 | +0.9 | — |
| Pacific | 344.3 | 362.4 | +1.4 | — |
| Property | 144.0 | 157.7 | — | — |
| Gilt | 170.4 | 179.3 | — | — |
| High Inc. Equity | 139.1 | 146.5 | +0.3 | — |
| High Inc. Fxd. Int. | 102.8 | 108.3 | — | — |
| Deposit | 147.0 | 154.7 | — | — |
| Index-Linked Gilt | 98.8 | 104.0 | — | — |

**Norwich Union Insurance Group**
PO Box 4, Norwich NR1 3NG. 0605 22200

**NUIG (Managed Funds) Ltd.**

## OFFSHORE AND OVERSEAS

## Money Market Trust Funds

## Money Market Bank Accounts

NOTES

# COMMODITIES AND AGRICULTURE

## Aluminium price at 17-month low

BY JOHN EDWARDS, COMMODITIES EDITOR

ALUMINIUM prices fell back on the London Metal Exchange yesterday to their lowest level since March last year. The three months quotation closed £2.50 down at £867.75 a tonne, but fell to £867 in after hours dealings. The cash price closed £2 lower at £845.

The decline in prices came in spite of news of further production cuts in North America. Reynolds Metals, a leading U.S. producer, said it would temporarily halt two potlines, which have the capacity to produce 25,000 tonnes each year, at its Jones mills plant in Arkansas.

Earlier Kaiser Aluminium announced that it will shut two potlines at its reduction plant in Mead, Washington. This will reduce the operating rate at the plant to 50 per cent (or nearly 100,000 short tonnes) of its total capacity of 200,000 tonnes.

Kaiser's worldwide operating rate will be reduced to only about 46 per cent of its annual capacity of 1,050,000 tonnes.

The company said the cuts followed a continued deterioration in primary aluminium prices and unstable market conditions. It added that the supply-demand imbalance had worsened. In June Kaiser reduced power consumption throughout its primary production system and shut down one potline.

The market remains unimpressed by the production cuts, even though the rise in stocks this year has shown signs of slowing. Demand is very sluggish at present and speculative buying interest is mainly concentrated in copper.

After the spectacular surge last year, aluminium prices have fallen steadily this year fro mthe peak of over £1,100 reached in January. Bearing in mind the decline in the value of sterling against the dollar this year the fall in returns for producers, who base their selling prices on dollar rates, is even greater.

## Supplies concern continues to boost cocoa

CONTINUING concern about the availability of supplies available for nearby delivery helped push cocoa prices up further on the London futures market yesterday.

The prompt September position registered a £40 a tonne permissible limit rise in the morning before ending £47 up on the day at £2,054.50 a tonne. The December position finished at £1,859 a tonne, up £25.50.

Traders said the market was still nervous following recent Nigerian shipment defaults. They also noted that the latest West African bean counts though normal for the time of year, were less than previously reported.

● RESULTS of the fourth British sugar beet test showed sugar per root averaged 98 grammes, compared with 78 at the same time last year and an average 80 grammes over the five year period 1979-83, British Sugar said.

Average root weight rose to 636 grammes from 510 and 538 while average sugar content increased to 15.42 per cent from 15.34 and 14.80 per cent.

● INDIAN and Sri Lankan tea output in the first seven months of 1984 is estimated above 1983 levels due to more favourable growing conditions, London trader Wilson Smithett and Co said.

It put North Indian production for January/July at 212,900 tonnes against 193,300 in the same 1983 period, while South Indian pickings were put at 89,000 tonnes against 80,900.

Sri Lankan production was estimated at 128,600 tonnes compared with 98,480.

● THE PHILIPPINE Coconut Authority hopes to submit a recommendation to the Cabinet by the end of next month to revive a coconut replanting programme.

## Hopes high for UK wool

BY ANDREW GOWERS

BRITAIN'S wool industry is heading for another strong performance in 1984-85 following the record clip in the year to last April, the British Wool Marketing Board said yesterday.

In its annual report, the board said that after four difficult years, 1983-84 was one of its best for a long time. The clip totalled 40.3m kg, a 6.2 per cent increase over the previous year, and 1.7m above the previous record in 1980.

"While unforeseen circumstances can upset any commodity market, all the signs are that the wool market will remain strong in the year ahead," said the report. British wool producers stand to earn 6p per kg more for fleece wools this year after four years of stagnant incomes.

By the end of April, sales of the 1983 clip had reached 34.2m kg at an average price of 118.4p per kg, an increase of nearly 20 per cent over the previous marketing year.

The board restated its commitment yesterday to retaining adequate processing facilities for British wool, saying that merchanting and processing operations are making a "significant contribution" to the income of its commercial subsidiaries.

John Cherrington comments on the results of the June farm census

## British farmers go for gold in the wheat fields

THE RESULTS of the UK June farm census demonstrate that, like Pavlov's dogs, farmers respond positively to stimuli—in this case the possibility of profit. The stimulus is provided by the EEC Commoo Agricultural Policy's price schedule which encourages them to alter their farming patterns and override previous rules of husbandry to get their results.

Take wheat for instance. Until 20 years ago farmers were conditioned to believe that growing wheat more than once every four years would bring retribution in the shape of disease and pests which could decimate yields.

This was perfectly true. I myself suffered from early attempts at cross cropping as it was called. So in the mid-1960s only 26 per cent of the cereal acreage was in wheat compared with 59 per cent in barley and 13 per cent in oats. Yields were modest too, as the table shows, with wheat little more productive than barley, and oats some way behind.

At that time, farmers were suffering from the restrictions of the national production quotas which limited government price support for all farm crops.

By 1974 things had begun to change, with full EEC membership and very much higher prices on the horizon. Also there had been a breakthrough in wheat breeding, making available new varieties which were to some extent disease resistant and which could also produce well under an increased fertiliser input. Yields and plantings of wheat and barley had increased at the expense of oats which, lacking a price guarantee in the EEC system, looked like becoming the poor relation.

By this June the total cereal area had risen to its highest level ever. The proportion of wheat is now equal to barley at 48 per cent, with oats and mixed corn making up the balance. There are as yet no figures for the 1984 yields, but even at the 1983 levels, which for wheat look to be comfortably exceeded, a record harvest is in prospect.

The other main change in the cereal area is that the proportion of autumn sown barley (winter barley) is increasing at the expense of spring sown. In England it is now 63 per cent of the total. This is mainly a feed barley crop as is the bulk of the wheat crop.

Feed grains generally yield better than the higher quality milling wheats and malting barleys. As the premiums offered for these seldom make up for the reduced yields as compared with feed grains, most farmers plump for quantity, and will continue to do so.

The implications of this for future cereal policy are important. The Minister of Agriculture and the National Farmers' Union have gone on record as saying that the way to reduce cereal output is by price restraint. However, farmers, supported by plant breeders and scientists, will do their best to keep ahead of falling prices by increasing yields—and they could well succeed.

According to the census the dairy herd fell by 2 per cent which could show that farmers were not panicking to get rid of their cows in spite of facing a 9 per cent cut in their milk production following the imposition of EEC quotas in April. Output of milk has fallen mainly because of drought and reduced feed use. Many farmers are taking the view that it is probably better to maintain herd numbers and rely on home grown feeds for a reduced output which could still prove economic, rather than feed expensive compounds heavily to fewer cows.

The pig herd has not yet reversed the felling trend of the last year but this has slowed down. It does seem that farmers are being cautious about expansion in pig numbers, which in view of the slump on this side of the industry in the previous 18 months is understandable, even welcome news. Pigs have no worthwhile support under the CAP, and the best way for pig farmers to survive is, collectively, to keep supplies well in line with or even below demand.

The national sheep flock continued to increase by about 2.3 per cent in the year to June, but this would seem to indicate some caution on the part of those involved.

The present CAP sheepmeat regime is very favourable to British farmers as compared with say the French, a situation which could well be reversed before long. The fact that the prices of breeding sheep have not risen this year would seem to bear out this assessment. Or perhaps farmers can see no batter use of availabla land than growing wheat.

UK CEREALS PLANTINGS
(000 hectares with proportion of total area planted in brackets)

| | 1964/65 | 1974 | 1984 |
|---|---|---|---|
| Total | 3,488 | 3,748 | 4,053 |
| Wheat | 900 (26%) | 1,233 (32%) | 1,965 (48%) |
| Yield (tonnes/ha) | 3.83 | 4.52 | 6.31* |
| Barley | 2,043 (59%) | 2,214 (59%) | 1,967 (48%) |
| Yield (tonnes/ha) | 3.60 | 4.10 | 4.63* |
| Oats | 463 (13%) | 253 (6%) | 107 (2%) |
| Yield (tonnesh/a) | 2.86 | 3.86 | 4.38* |

* 1983 yields.

Source UK Agricultural Reviews 1984/84

## Drought warning fails to lift U.S. soyabean prices

BY NANCY DUNNE IN WASHINGTON

HOT, dry weather in several mid-western states, while less severe than last year's drought, is cutting into maize yields and may seriously deplete soyabean production, according to Dr Norton Strommen, Meterologist at the U.S. Department of Agriculture.

Dr Strommen estimates that 35-40 per cent of the soyabean crop has already been damaged and unless rains come soon, even more of the harvest will suffer.

Chicago futures treaders, however, do not seem to share his concern.

Soyabean and maize prices moved lower on Wednesday reflecting selling by chartists and forecasts of cooler temperatures in northern belt areas. With world oilseed crops plentiful some traders were even predicting soyabean prices as low as $5.50 (£4.20) a bushel.

"This is no drought," said Mr Dan Markey of Conti Commodities, "there will still be a decent soyabean crop."

In its August production report, the USDA estimated final maize production at 7.7m bushels and soyabeans at 2.035m bushels. Analysts are out in the field sampling for the September 12 report, Dr Strommen said. Until they return, he is reluctant to guess the full extent of the damage.

The weather is affecting a smaller area than last year, he said, and there is an "excellent" harvest developing in the south-east.

Mr David Street, a meteorologist at E. F. Hutton, said there is some concern about the U.S. winter wheat crop as a result of declining soil moisture. Three inches of rain are badly needed in the Plains states by mid-September, he said.

In Canada, where drought conditions have prevailed for weeks, the harvest has been advancing well. Industry sources say that yields in western areas are bigger than expected in spite of the hot dry weather in July and August.

The USDA has predicted a drop in Canadian wheat production to 20.2m bushels. However, it is forecasting exports at 18.7m tonnes in 1984-85, down only 8 per cent from last year due to an 11.2m tonne carryover.

## Thai tapioca rise expected

BANGKOK—Thailand is expected to produce 7.5 to 8m tonnes of tapioca pellets and tapioca chips in the 1984-85 season (July-June), compared with 6.79m the previous year, the Thai Tapioca Trade Association said.

Mr Sukit Wanglee, the association's president, said that a survey of 33 tapioca-growing provinces in central and eastern Thailand this month showed that Thailand would produce 21.9m tonnes in the season, up from 19.9m a year earlier.

Reuter

## PRICE CHANGES

| In tonnes unless stated otherwise | Aug. 30 1984 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £1100 | | £1100 |
| Free Mkt | $1170/1195 | −5 | $1175/120 |
| Copper | | | |
| Cash h Grade | £1044.5 | +1 | £1008 |
| 3 mths | £1061.75 | +3 | £1027.75 |
| Cash Cathode | £1057.5 | +4 | £1011 |
| 3 mths | £1054 | +2 | £1027.5 |
| Gold troy oz | $348.50 | −1.5 | $344.75 |
| Lead Cash | £341.5 | +1 | £373.25 |
| 3 mths | £348.25 | −1.25 | £372.75 |
| Nickel | £5202 | | £5280 |
| Free Mkt | 212/235c | | [illegible] |
| Palladium oz | $150.00 | | $134.00 |
| Platinum oz | $332.75 | −3.25 | $327.00 |
| Quick Silver† | $305/310 | | $290/295 |
| Silver troy oz | 575.60p | −4.10 | 561.75p |
| 3 mths | 590.75p | −5.15 | 577.75p |
| Tin cash | £9322.5 | +20 | £9595 |
| 3 mths | £9247.5 | +25 | £9431.5 |
| Tungsten | $80.56 | | $85.17 |
| Wolfram 22.04lb | $80/83 | | $76/80 |
| Zinc | £619 | +6 | £547.5 |
| 3 mths | £634.75 | −12.25 | £561.5 |
| Producers | $960 | | $990 |

| | Aug. 30 1984 | + or — | Month ago |
|---|---|---|---|
| **Oils** | | | |
| Coconut (Phil) | £1070u | −45 | $1320 |
| Groundnut | ‡ | | |
| Linseed Crude | ‡ | | |
| Palm Malayan | $570w | | $660 |
| **Seeds** | | | |
| Copra Phil | $600v | | $760 |
| Soyabean (U.S.) | $269.25w | −3.25 | $360 |
| **Grains** | | | |
| Barley Fut.Nov | £108.55 | +0.35 | £109.50 |
| Maize | £154.50 | | £146.50 |
| Wheat Fut.Nov | £107.45 | +0.10 | £109.90 |
| No2 Hard Wint. | ‡ | | |
| **Other commodities** | | | |
| Cocoa ship't* | £1959.0 | +25.5 | £1945 |
| Futures Dec | £1859 | +25.5 | £1848 |
| Coffee Ft. Nov | £2438.5 | −3.0 | £2275 |
| Cotton A Index | 74.50c | | 76.75c |
| Gas Oil Sept | $251.25 | | [illegible] |
| Rubber (kilo) | 63.00p | | [illegible] |
| Sugar (raw) | $121.00 | | [illegible] |
| Wool tops 64s | 466p kilo | | 450p kilo |

‡ Unquoted. w Oct. z Sept. v Oct-Nov. u Aug-Sept. y Oct-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

## LONDON OIL

Weaker physicals brought the market in around $1.50 lower and prices quickly dropped another $1.00 before meeting trade support. Most evaporated later in the day and the market continued to weaken, reaching the lows on the close, reports Premier Man.

### SPOT PRICES

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) | | |
| Arabian Light | 28.00-28.10 | — |
| Dubai Fateh | 27.45-27.55 | — |
| Arab Heavy | 27.00-27.10 | −.05 |
| North Sea (Forties) | 28.20 | −.12 |
| North Sea (Brent) | 28.20-28.60 | −.5 |
| African(Bonny Lht) | 28.50 | |

PRODUCTS—North West Europe (per tonne)

| | | |
|---|---|---|
| Premium gasoline | 267-270 | −1 |
| Gas Oil | 235-240 | −1 |
| Heavy fuel oil | 176-179 | — |

### GAS OIL FUTURES

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| Aug | 251.00 | −2.50 | [illegible] |
| Sept | 233.75 | [illegible] | [illegible] |
| Oct | 237.50 | [illegible] | [illegible] |
| Nov | 241.00 | [illegible] | [illegible] |
| Dec | 245.00 | [illegible] | [illegible] |
| Jan | 247.00 | [illegible] | [illegible] |
| Feb | 244.00 | [illegible] | [illegible] |
| March | 241.00 | [illegible] | [illegible] |
| April | 237.00 | [illegible] | [illegible] |

Turnover: 1,486 (1,153) lots of 100 tonnes.

## GOLD MARKETS

Gold fell $1½ to close at $345½-346 on the London bullion market yesterday. The metal opened at $349-349½, the highest level of the day and was fixed at $348½ in the morning and $347¼ in the afternoon. It touched a low of $346½-347½.

In Paris the 12½-kilo bar was fixed at FFr 99,350 per kilo ($349.24 per ounce) in the afternoon, compared with FFr 99,350 ($345.91) in the morning, and FFr 99,400 ($349.53) Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 32,460 per kilo ($349.50 per ounce) against DM 32,290 ($348.75), and closed at $347¼-347¾ compared with $350½-351.

In Luxembourg the 12½-kilo bar was fixed at the equivalent of $348.60 per ounce, against $349.20.

In Zurich gold finished at $347¼-347¾ compared with $349½-350.

### LONDON FUTURES

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ per troy ounce | | |
| Sept | — | — | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] |
| Feb | — | — | — |
| April | — | — | — |
| June | — | — | — |
| Aug | — | — | — |

Turnover: 126 (65) lots of 100 troy ounces.

| | Aug. 30 | | Aug. 29 | |
|---|---|---|---|---|
| Gold Bullion (fine ounce) | | | | |
| Close | $345½-346 | (£265¼-266) | $349½-350¼ | (£266-266½) |
| Opening | $349-349½ | (£266-266½) | $349½-350¼ | (£266-266½) |
| Morning fixing | $348.50 | (£265.89) | $349.60 | (£266.097) |
| Afternoon fixing | $347.25 | (£264.672) | $350.50 | (£266.66) |
| Gold and Platinum Coins Aug. 30 | | | | |
| Krugrand | $358½-359½ (£273½-274) | | King Sov | $82½-84 (£63-64) |
| ½ Krug | $184½-185½ (£141-141½) | | Victoria Sov | $82½-84 (£63-64) |
| ¼ Krug | $94½-95 | (£71¾-72½) | French 20s | $67½-74½ (£51½-56½) |
| 1/10 Krug | $38½-39½ | (£29½-30) | 50 Pesos Mex | $432-436 (£328½-333¼) |
| Mapleleaf | $358½-359 | (£273½-273¾) | 100 Cor Aust | $338-340 (£258½-259½) |
| Angel | $357½-358½ | | $20 Eagles | $560-600 (£430¼-458½) |
| 1/10 Angel | $34½-35½ | | | |
| New Sov | $81½-82½ | (£62¼-63) | Noble (Plat.) | $349½-353½ (£266½-269½) |

## EUROPEAN MARKETS

ROTTERDAM, August 30.

Wheat—(U.S. $ per tonne). U.S. Two Soft Red Winter Sept 152.50, Oct 154, Nov 156.75, Dec 158.50. U.S. Two Northern Spring 14 per cent protein Aug 181, Sept 172, Oct 171, Nov 173.50, Dec 177. U.S. Northern Spring 15 per cent protein Oct 190, Nov 193. U.S. Three Hard Amber Durum Aug 193, Sept 193, Oct 194, Nov 195.50, mid-Nov/mid-Dec 200. Canadian One Western Amber Durum Oct 208, Nov 212, Nov/Dec 212.

Maize—(U.S. $ per tonne). U.S. Three Yellow Aug 156, Sept 149, Oct 136, Nov 135, Dec 136, Jan/March 139, sellers. Argentine Plate afloat 165, Sept 20/Oct 20 160, April/June 153, sellers.

Soyabeans—(U.S. $ per tonne). U.S. Two Yellow Gulfports Sept 263.25, Oct 254, Nov 253.50, Dec 256, Jan 260.40, Feb 264.20, March 267.25, April 270, sellers.

Soyameal—(U.S. $ per tonne). 44 per cent Sept 189, Oct 173, Oct/Dec 175, Nov/March 177, sellers. Pellets Brazil afloat 187, Sept 181, Oct 177, Oct/Dec 184, Oct/March 186, Jan/March 207, sellers. Brazil afloat 159.50, sellers. Pellets Argentine afloat 159.50, Aug 180, Sept 163, Oct 168, Oct/Dec 174.50, Nov/March 180, sellers.

PARIS, Aug 30.

Sugar—(FFr per tonne). Oct 1395/1406, Dec 1406-1415, Mar 1472-1480, May 1502-1515, Aug 1555-1580, Oct 1610-1640.

## BRITISH COMMODITY PRICES

### BASE METALS

BASE-METAL prices were quietly irregular on the London Metal Exchange. Good trading volume developed in Tin which attracted physical support and chart buying to close at £9,255. Lead dipped to £347 in the morning but was steady at this level and with the aid of trade support settled at £351.5. Aluminium drifted throughout the session and despite a lively two-way trade on the late kerb fell through the recent support level and finished at £862.5 looking to go lower today. Nickel attracted buying, reportedly from a single source, and firmed to £3,675. Copper eased to £1,059.5, while Zinc was unchanged at £634.

### COPPER

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 1042.5-3 | +1.5 | 1044-5 | +1 |
| 3 months | 1059-.5 | +1.5 | 1061.5-2 | +2 |
| Settlem't | 1043 | +1.5 | — | |
| Cathodes | | | | |
| Cash | 1054-5 | +4 | 1057-8 | +4 |
| 3 months | 1061-2 | | 1065-6 | +3 |
| Settlem't | 1055 | +4 | — | |

Amalgamated Metal Trading reported that in the morning Three months Higher Grade traded at £1056, 57, 58, 58.5, 59. Cathodes: Three months £1058, 58.5, 59, 59.5. Standard: Cathodes: Cash £1054. Kerb: Higher Grade: Three months £1059.5, 59. Afternoon: Higher Grade: Three months £1059, 59.5, 58, £1060.5, 61, 61.5. Kerb: Higher Grade: Three months £1062, 62.5, 62, 61, 60.5, 60, 59.5, 59, 58, 58.5, 59. Turnover: 24,025 tonnes. U.S. Producers: 64.00-68.00 cents per pound.

### TIN

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 9325-6 | +41.5 | 9320-5 | +20 |
| 3 months | 9235-40 | +35.5 | 9260-70 | +25 |
| Settlem't | 9326 | +41.5 | — | |
| Standard | | | | |
| Cash | 9325-8 | +51.5 | 9320-5 | +90 |
| 3 months | 9240-1 | +35 | 9245-50 | +25 |
| Settlem't | 9328 | +56 | — | |
| Straits E | $29.15 | — | — | |

Tin—Morning: Standard: Three months £9225, 40. Cash £9325, three months £9240, 41. High Grade: Three months £9240. Kerb: Standard: Three months £9245, 40. High Grade: Three months £9261. Afternoon: Standard: Three months £9240, £9245, 50, 60. Kerb: Standard: Three months £9255, 50. Turnover: 2,950 tonnes.

### LEAD

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 341.5-2 | +.5 | 341-2 | −1 |
| 3 months | 348-9 | −.5 | 348-.5 | −1.25 |
| Settlem't | 342 | +.5 | — | |

Lead—Morning: Cash £340, three months £348, 48.5, 49. Kerb: Three months £348, 48.5, 48. Afternoon: Three months £347, 46.5, 48, 48.5. Kerb: Three months £348.5, 48, 48.5, 49. Afternoon: Three months £347, £348, 48.5. Kerb: Three months £349, 48.5, 50, 51. Turnover: 14,900 tonnes. U.S. Spot: 28.0-32.00 cents per pound.

### ZINC

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 617-.5 | −1.5 | 616.5-9.5 | +8 |
| 3 months | 635-5.5 | +1.5 | 634.5-5 | +4.5 |
| Settlem't | 617.5 | −1.5 | — | |

Zinc—Morning: Three months £630, 31, 32, 32.5, 33. Kerb: Three months £632, 33, 33.5, 33. Afternoon: Three months £632.5, 33, 33.5, 34, 24.5, 24, 25, 24.5. Kerb: Three months £633.5, 34, 34.5, 35, 35.5. Turnover: 16,450 tonnes. U.S. Prime Western: 48.00-50.75 cents per pound.

### ALUMINIUM

| Alumin'm | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 847.5-8.5 | −1.5 | 844.5-5.5 | −2 |
| 3 months | 868.5-9 | −3.5 | 867.5-8 | −2.5 |

Aluminium—Morning: Three months £868, 68.5, 69, 69.5, cash £847.5, three months £871, 70.5, 70, 69, 68.5. Kerb: Three months £868, 67.5, 67, £867, 66.5, 66. Afternoon: Three months £867, 66.5, 65, 64, 65, 63.5, 63, 62.5. Turnover: 32,950 tonnes.

### NICKEL

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 3568-8 | −4.5 | 3580-5 | +26 |
| 3 months | 3668-80 | −16.5 | 3675-80 | +18 |

Nickel—Morning: Three months £3660, 65, £3658. Kerb: Three months £3655. Afternoon: Three months £3668, £3660, 70, 75. Kerb: Three months £3670. Turnover, 1,058 tonnes.

### SILVER

Silver was fixed 4.3p an ounce lower for spot delivery in the London bullion market yesterday at 576.6p. U.S. cent equivalents of the fixing levels were: spot 756.5c, down 4.5c; three-month 777.5c, down 5.6c; six-month 801c, down 4.3c; and 12-month 852c, down 4.3c. The metal opened at 578-581p (758-762c) and closed at 572½-575½p (751-754c).

| SILVER per troy | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 576.60p | −4.10 | 573.50p | −8.50 |
| 3 months | 590.73p | −5.15 | 589.05p | −8.76 |
| 6 months | 606.00p | −4.95 | — | |
| 12months | 638.33p | −4.85 | — | |

LME (2,000 oz contract)—Cash 573.50p (582.00p); three months 588.00p (587.75p). Turnover 0 (0).

Turnover: 77 (198) lots of 10,000 ozs. Morning: Large 1st ring three months 592. 2nd ring three months 581. Kerb: Large three months 591. Afternoon: Large 1st ring three months 588. Kerb: Large three months 590.5, 90, 89.

### COCOA

Having opened weaker cocoa futures rallied limit up on September and subsequently remained steady posting further gains by the end of the day. Industry offtake and light origin sales of new crop featured, reports Gill and Duffus.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Sept | 2053-56 | +47.0 | 2058-05 |
| Dec | 1858-60 | +25.5 | 1874-28 |
| March | 1804-05 | +21.0 | 1815-90 |
| May | 1806-06 | +19.0 | 1818-85 |
| July | 1811-19 | −19.0 | 1820-90 |
| Sept | 1816-20 | −18.5 | 1827-05 |
| Dec | 1816-30 | −18.5 | — |

Sales: 4,781 (4,157) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for August 30: 106.91 (105.30): five-day average for August 31: 105.36 (104.25).

### COFFEE

In quiet conditions values opened lower than anticipated as early trade selling emated losses of £15-£26.00. However, continued support around £2420 basis November, encouraged a gradual recovery to unchanged by midday. In the afternoon small gains were posted in most positions but overhead trade resistance and dealer profit-taking restricted the rise, reports Drexel, Burnham and Lambert.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| Sept | 2114-15 | −9.5 | 2430-00 |
| Nov | 2438-33 | −3.0 | 2447-17 |
| January | 2367-68 | — | 2385-45 |
| March | 2216-18 | −0.8 | 2285-00 |
| May | 2170-76 | −3.0 | 2178-60 |
| July | 2135-38 | −1.5 | 2145-40 |
| Sept | 2115-80 | −6.5 | 2119 |

Sales: 9,570 (2,916) lots of 13 tonnes. ICO indicator prices (U.S. cents per pound) for August 29: Comp. daily 1979 148.45 (149.28); 15-day average 144.13 (143.64).

### GRAINS

Business done—Wheat: Sept 103.80-3.35, Nov 107.80-7.05, Jan 111.30-0.80, March 114.25-3.75, May 117.35-6.85, July 119.50-9.15. Sales: 520 lots of 100 tonnes. Barley: Sept 105.15-4.50, Nov 108.55-8.20, Jan 111.85-1.80, March 114.85-4.40, May 117.65 only. Sales: 137 lots of 100 tonnes.

| WHEAT Mnth | Yesterd'ys close | + or — | BARLEY Yesterd's' close | + or — |
|---|---|---|---|---|
| Sept | 103.88 | +0.28 | 105.15 | +0.55 |
| Nov | 107.45 | +0.10 | 108.55 | +0.35 |
| Jan | 111.15 | +0.10 | 111.85 | +0.35 |
| Mar | 114.06 | +0.05 | 114.90 | +0.65 |
| May | 117.10 | +0.10 | 117.60 | +0.35 |
| July | 119.50 | −0.10 | — | |

HGCA — Locational ex-farm spot prices: Feed wheat: S. East 99.70, S. West 100.90, W. Mids 101.50, N. East 98.80; Feed barley: S. East 101.50, S. West 100.30, W. Mids 99.90, N. East 98.80. The UK monetary coefficient for the week beginning Monday September 3 (based on HGCA calculations) using 5 days exchange rates) is expected to remain unchanged at 1.00.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 15 per cent Sept/Oct 141.25, Nov 143, Dec 148.25, trans-shipment East Coast. English feed fob Oct/Dec 110, Jan/March 115.50 East Coast. English feed fob Oct/Dec 110, Jan/March 115.50 East Coast. Maize: U.S. No 3 Yellow/French Sept 154.50, trans-shipment East Coast. Barley: English feed fob Oct/Dec 110, buyer English. Rest unquoted.

### PIGMEAT

Prices finished unchanged on the day after a brief dip on the opening. Volume remained healthy, with views mixed, reports CCST Commodities.

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | p. per kilo (deadweight) | | |
| Oct | 121.80 | 121.80 | 122.10-121.5 |
| Nov | 124.80 | 123.60 | 124.10-123.7 |
| Feb | 118.10 | 118.10 | 118.40-118.4 |
| April | 118.20 | 118.20 | 118.40-118.1 |
| June | 116.00 | 116.00 | 116.40-116.0 |
| Aug | 113.10 | 113.10 | 115.40-115.8 |

Sales: 129 (141) lots of 50 carcases 3,250 kg.

### POTATOES

| Month | Yesterday's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Nov | 73.10 | 73.00 | 75.00-72.50 |
| Feb | 81.00 | 79.90 | — |
| April | 92.70 | 93.70 | 95.70-92.50 |
| May | 99.50 | 100.70 | 100.50-99.4 |
| Nov | 76.00 | 78.00 | — |

Sales: 249 (199) lots of 40 tonnes.

### RUBBER

PHYSICALS—The London market opened easier, attracted little physical interest throughout the day and closed inactive, reports Lewis and Peat. Closing prices (buyers) spot 63.00p (54.50p), Oct 74.50p (75.00p), Nov 75.00p (76.50p). The Kuala Lumpur Sept fob price for RSS No 1 was 217.00 (221.5) cents a kg and for SMR 20 was 206.00 (208.0).

FUTURES—Close (buyer, seller, business). RSS No 1 £ per tonne, Sept 999, 640; Oct 620, 650, 640; Nov 635, 660, 650; Dec 645, 670, nil; Jan 655, 670, nil; Feb 672, 680, nil; Mar 680, 690, nil; Apr 685, 700, nil; May 695, 710, nil; Oct/Dec 641, 665, nil; Jan/Mar 682, 690, nil; Apr/Jun 695, 730, nil. Sales: 0 (7) lots of 15 tonnes. 4 (4) lots of 5 tonnes.

### SOYABEAN MEAL

The London market opened £1.50 lower with active shipper selling interest, reports T. G. Roddick. Heavy selling pressure continued to be the theme for the day closing market £3-£5.00 down on day.

| | Yestday's close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| October | 127.30-27.40 | −4.60 | 128.00-27.50 |
| Dec | 155.60-55.80 | −6.60 | 138.00-35.50 |
| Feb | 142.70-43.00 | −3.35 | 145.00-43.00 |
| Apr | 145.90-44.00 | −2.85 | 145.00-43.00 |
| June | 142.50-44.00 | −2.50 | 146.60 |
| August | 146.00-45.00 | −3.25 | 146.00 |
| October | 147.00-50.00 | −1.50 | — |

Sales: 247 (18) lots of 100 tonnes. 179 (20) lots of 20 tonnes.

### SUGAR

Sales: No 6 3,349 (3,617) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £202.50 (203.50) a tonne for export.

International Sugar Agreements—(U.S. cents per pound fob and stowed Caribbean ports). Prices to August 29: Daily price 4.21 (4.29); 15-day average 3.97 (3.99).

| No. 6 Contract | Yest'day's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Oct | 129.50-29.60 | 129.80-29.90 | 128.20-26.40 |
| Dec | 155.00-57.00 | 155.00-58.00 | 159.00-57.80 |
| Mar | 152.50-52.60 | 155.60-55.80 | 154.00-51.20 |
| May | 158.60-58.00 | 159.50-60.00 | 159.60-57.40 |
| Aug | 165.00-66.00 | 165.60-69.60 | 165.40 |
| Oct | 176.80-77.40 | 177.00-78.00 | 177.60-71.00 |
| Dec | 185.00-85.00 | 184.60-86.00 | — |

LONDON DAILY PRICE—Raw sugar £92.50 ($121.00), down £2.00 (down $2.50) a tonne for Aug-Sept-Oct delivery. White sugar $161.00, down $2.00.

Prices eased some $2.0 in good two-way trading conditions and then recovered somewhat on the close, reports C. Czarnikow.

### HIDES

HIDES—Manchester (Leeds). Second clears. Ox 31-35.5 kg 120.3p a kg (116.0p withdrawn); 26-30.5 kg 125.6p a kg (121.0p withdrawn); 22-25.5 kg 133.0p a kg (129.5p); Cows 25.5 kg 136.8p a kg (137.8p).

### WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 581.0, 583.0, 563.0-562.0; Dec 585.0, 586.0, 586.0-586.0; March 575.0, 576.0, 576.0-575.0; May 581.0, 582.0, 581.0-581.0; July 585.0, 588.0, 585.0-585.0; Oct 570.0, 580.0; Dec 579.0, 595.0; March 585.0, 600.0. Sales: 25.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 508, seller; Oct 493, 496, nil; Dec 501, 504, 503; Jan 502, 504, 504-503; March 512, 514, 513; May 516, 518, 519-516; Aug 531, 533, 532-531; Oct 532, 534, 533; Dec 532, 534, nil; Jan 534, 537, nil. Sales: 43.

### INDICES

FINANCIAL TIMES

| Aug. 29 | Aug. 28 | M'th ago | Year ago |
|---|---|---|---|
| 293.79 | 294.99 | 288.67 | 293.08 |

(Base: July 1 1952 = 100)

REUTERS

| Aug. 29 | Aug. 28 | M'th ago | Year ago |
|---|---|---|---|
| 1875.1 | 1880.8 | — | — |

Base: September 18 1931 = 100)

MOODY'S

| Aug. 28 | Aug. 27 | M'th ago | Year ago |
|---|---|---|---|
| 1005.5 | 1005.9 | 1004.8 | 1090.6 |

(Base: December 31 1931 = 100)

DOW JONES

| Dow Jones | Aug. 28 | Aug. 27 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 130.61 | 161.53 | 135.71 | 147.85 |
| Fut | 129.45 | 129.27 | 134.60 | 166.11 |

(Base: December 31 1974 = 100)

### COTTON

Hot spot or shipment sales were recorded in Liverpool, leaving the total for the week so far at 92 tonnes. The diminution in demand continued and business was at minimal levels. Little was heard of new contracts and the volume of interest on forward account was severely restrained. Minor purchases were sought in specialist growths.

### MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 96.51p per kg lw (−0.70); GB—Sheep 142.58p per kg est dcw (+5.33); GB—Pigs 83.36p per kg lw (+0.56).

SMITHFIELD MEAT—Pence per pound. Beef: Scotch killed sides 78.0 to 82.0; Eire hindquarters 89.0 to 63.0, forequarters 53.0 to 55.0. Veal: Dutch hinds and ends 131.0 to 137.0. Lamb: English small 64.0 to 68.0, medium 60.0 to 66.0, heavy 56.0 to 60.0; Scotch heavy 54.0 to 57.0; Imported: New Zealand PL 67.0 to 67.5, PX 60.0 to 91.0, YL 63.3 to 64.0. Pork: English under 100lb 48.0 to 56.0, 100-120lb 52.0 to 58.0, 120-160lb 46.0 to 58.0.

COVENT GARDEN — London: Prices for the bulk of produce, in sterling, per package unless otherwise stated. English produce: Apples—Per pound, Bramley new crop 0.12-0.17, Howgets 0.09-0.10, Discovery 0.15-0.25, Worcester Pearmain 0.22-0.24, Red Muller 0.15-0.18. Plums—12-lb, Czar 1.30-1.50, Victoria 2.80-3.00, Belle 1.60-2.00, Damson 2.40-2.80. Strawberries—½-lb 0.25-0.35. Raspberries—½-lb 0.50-0.60. Loganberries — ½-lb 0.25-0.30. Blueberries — ½-lb punnet 0.90-1.00. Blackberries — ½-lb 0.15-0.20. Black currants — ½-lb punnets 0.13-0.20. Potatoes — Per bag 56-lb 2.20-3.00. Mushrooms—Per pound, open 0.50-0.65, closed 0.70-0.80. Lettuce—Per tray round 1.20-1.40, Cos dozen 1.60-1.75, Webb's 1.60-1.80; Iceberg 12's 4.50-4.80, 15's 4.00. Carrots—28-lb new crop 1.50-2.00. Greens—Prime 1.00-1.20. Tomatoes—Tray 12-lb 0.90-1.00. Sugar peas—1.20-1.50. Cucumbers—Tray 1.20-2.00. Cauliflowers—Dozen, Lincs 2.40-3.00. Spring onions — Bunch 0.09-0.10. Radishes—Bunched 0.12-0.14. Celery—Prepack 3.80-4.00; loose 2.40-2.50. Watercress—Ice pack 20's 3.40-3.50. Salad — Crisps 16's 1.00-1.10. Courgettes — Per pound 0.09-0.10. Stick beans—Per pound 0.15-0.20. Beetroot—Boxs 28-lb 1.80-2.00. Onions—55-lb bag 3.50-4.00. Calabrese—Per pound 0.30-0.35. Capsicums—Per pound 0.30-0.35. Marrows—Dozen 1.20-1.50. Corn—Each 0.12-0.18. Fennel—Tray 10-lb 3.00-3.50. Leeks—Per pound 0.25-0.30. Swedes—28-lb 2.00-2.40. Parsnips—22-lb 2.00-2.20. Cobnuts—Per pound 0.60-0.65.

Imported produce: Bananas—Windward Islands: approx 28-lb carton 7.50-8.50. Colombian: approx 40-lb carton 11.00-11.50.

## AMERICAN MARKETS

Precious metals were nominally lower in light trading with dealers and the public reluctant to take heavy positions ahead of the long labour day weekend. Copper prices were moderately lower with arbitrage selling the strongest force in the market, also, the announcement that the presidential advisory board elected not to recommend quota restriction depressed prices. Aluminium prices continued the recent pattern of being hard pressed to find support and finished lower as the market failed to respond to announced production cutbacks. Coffee prices recovered sharply on steady roaster buying and constructive price chart indications. Cocoa prices firmed on continued concern about the adequacy of spot supplies following recent shipping delays by Nigeria. Sugar prices advanced slightly on commission house buying as cash markets [illegible]. Cotton prices were lower as values drifted lower on a lack of buying interest. Soyabeans finished sharply higher. Heinold Commodities.

### NEW YORK

ALUMINIUM 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | — | — | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | — | — | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | — | — | [illegible] |
| July | [illegible] | — | — | [illegible] |
| Sept | [illegible] | — | — | [illegible] |
| Dec | [illegible] | — | — | [illegible] |
| Jan | [illegible] | — | — | [illegible] |

COCOA 10 tonnes, $/tonnes

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | — | — | [illegible] |
| Dec | [illegible] | — | — | [illegible] |

COFFEE "C" 37,500 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

COPPER 25,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | — | — | [illegible] |
| Nov | [illegible] | — | — | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

COTTON 50,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |

GOLD 100 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |

ORANGE JUICE 15,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |

PLATINUM 50 troy oz, $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |

SILVER 5,000 troy oz, cents/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

SUGAR WORLD "11" 112,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |

### CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |

LIVE HOGS 30,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| April | [illegible] | [illegible] | [illegible] | [illegible] |
| June | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |

PORK BELLIES 38,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] | [illegible] |

MAIZE 5,000 bu min, cents/56-lb bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEANS 5,000 bu min, cents/60-lb bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEAN MEAL 100 tons, $/ton

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEAN OIL 60,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |

WHEAT 5,000 bu min, cents/60-lb bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| July | [illegible] | [illegible] | [illegible] | [illegible] |
| Sept | [illegible] | [illegible] | [illegible] | [illegible] |

SPOT PRICES—Chicago loose lard [illegible] cents per pound. Handy and Harman silver bullion [illegible] cents per troy ounce.

هكذا من الأصل

# CURRENCIES; MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Short covering boosts dollar

The dollar was firmer against most currencies yesterday, hleped by short covering ahead of the long U.S. weekend. Sentiment was also improved by a rise in Federal funds and there was a strong reluctance to run short eo dollars over the three-day break.

It closed at DM 2.8845 up from DM 2.8775 and SwFr 2.4040 compared with SwFr 2.3900. It was also higher in terms of the Jepanese yet at Y241.20 from Y240.60 and FFr 8.8535 against FFr 8.8300. On Bank of England figures, the dollar's trade weighted index rose to 136.5 from 136.2.

News of a 1 per cent rise in U.S. factory erders in July was much in line with market expectations and there was little market reaction.

Sterling showed mixed changee and its trade weighted index finished unchanged from Wednesday at 78.2, having stood at 78.3 at noon and 78.2 in the morning. Developments in the dock strike were an important factor behind any possible sterling trend and the confusieo surrounding voting at Tilbury left the market without any clear idea as to how effective the call for a national strike may be.

Sterling fell against the dellar to close at $1.3105-1.3115, a fall of 45 points from Wednesday but it improved in terms of the D-mark to DM 3.7850 from DM 3.7825. It was weaker against the French franc at FFr 11.6050 from FFr 11.6250 and Y316.25 compared with Y316.50. Against the Swiss franc it was unchanged at SwFr 3.1475.

D-MARK — Trading range against the dellar in 1984 is 2.9145 te 2.5535. July average 2.8473. Trade-weighted index 123.6 against 128.2 six months ago.

The D-mark was generally weaker at the Frankfurt fixing. The Bundesbank did not intervene when the dellar was fixed et DM 2.8855 compared with DM 2.8815 in quist and trendless trading. There remained some conviction that U.S. interest rates will firm, but this was offset by signs of a slowdown in the rate of U.S. ecoemic growth, after e drop of 0.8 per cent in July U.S. leading indicators. Some support fer the dollar was generated by expectations of e small rise in U.S. M1 money supply, and by an increase in July fectery geods orders, but the impact of economic figures has been fairly limited recently. It was the first time the German central bank had not intervened at the fixing since August 12.

Sterling was also firmer, helped by the lack of enthusiasm among workers at some British ports for e national dock strike. The pound rose te DM 3.7850 from DM 3.7750, while the Japanese yeo improved te DM 1.1965 per 100 yen from DM 1.1495. On the other hand the Swiss franc fell to DM 1.2025 from DM 1.2030. Within the EMS the French franc improved te DM 32.590 per 100 francs from DM 32.585: the Dutch guilder te DM 88.670 per 100 guilders frem DM 88.630; and the Belgian franc to DM 4.9620 per 100 francs from DM 4.9580. The Irish punt was unchanged at DM 3.0850; and the Italian lira to DM 1.8120 per 1,000 lira, but the Danish kroee eased to DM 27.460 per 100 krone from DM 27.510.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu August 30 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc ... | 44.9008 | 45.1298 | +0.51 | +0.51 | ±1.5447 |
| Danish Krone ... | 8.14104 | 8.15568 | +0.18 | +0.18 | ±1.6425 |
| German D-Mark | 2.24184 | 2.23835 | −0.18 | −0.15 | ±1.0842 |
| French Franc ... | 6.87456 | 6.86870 | −0.09 | −0.09 | ±1.4052 |
| Dutch Guilder ... | 2.52595 | 2.52430 | −0.07 | −0.07 | ±1.4964 |
| Irish Punt ...... | 0.72569 | 0.725566 | −0.02 | −0.02 | ±1.6699 |
| Italian Lira ...... | 1403.49 | 1388.64 | −1.06 | −1.06 | ±4.1505 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ in New York Latest

| | Aug. 30 | Prev. close |
|---|---|---|
| Spot | $1.3115-3125 | $1.3115-3125 |
| 1 month | 0.10-0.12 dis | 0.10-0.12 dis |
| 3 months | 0.41-0.45 dis | 0.41-0.44 dis |
| 12 months | 2.20-2.30 dis | 2.15-2.30 dis |

Forward premiums and discounts apply to the U.S. dollar.

### THE POUND SPOT AND FORWARD

| Aug 30 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.3090-1.3130 | 1.3105-1.3115 | 0.09-0.12c dis | −1.01 | 0.42-0.47dis | −1.30 |
| Canada | 1.7000-1.7050 | 1.7015-1.7025 | 0.21-0.25c dis | −1.62 | 0.66-0.76dis | −1.69 |
| Nethlnd. | 4.26-4.27½ | 4.26-4.27 | 1¾-1½c pm | 4.50 | 4¾-4½ pm | 4.22 |
| Belgium | 76.16-76.40 | 76.25-76.35 | par-5c dis | −0.39 | 3-13 dis | −0.42 |
| Denmark | 13.75½-13.80½ | 13.75½-13.76½ | ¼-1½ore dis | −0.92 | 3½-4½ dis | −1.18 |
| Ireland | 1.2247-1.2293 | 1.2255-1.2265 | 0.14-0.30p dis | −2.16 | 0.62-0.79dis | −2.32 |
| W. Ger. | 3.77½-3.79½ | 3.78¼-3.78½ | 1⅞-1⅝pf pm | 5.07 | 4⅞-4⅝ pm | 4.57 |
| Portugal | 197½-198¼ | 197½-198½ | 235-640c dis | −26.52 | 715-1710dis | −24.49 |
| [illegible] | | | | | | |

Belgian rate is for convertible francs. Financial franc 76.85-77.00. Six-month forward dollar 1.05-1.10c dis, 12-month 2.30-2.45c dis.

### THE DOLLAR SPOT AND FORWARD

[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.05-58.75.

### OTHER CURRENCIES

[illegible]

* Selling rate.

### CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

### CURRENCY RATES

[illegible]

*CS/SDR rate for Aug. 29: 1.32127.

### EXCHANGE CROSS RATES

[illegible]

### EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

Asian $ (closing rates in Singapore): Short-term 11⅝-11¾ per cent; seven days 11⅝-11¾ per cent; one month 11⅞-11⅞ per cent; three months 11⅞-12 per cent; six months 12⅛-12¼ per cent; one year 12⅛-12¼ per cent. Long-term Eurodollars: two years 13⅛-13¼ per cent; three years 13⅛-13⅜ per cent; four years 13⅜-13½ per cent; five years 13⅜-13½ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

## FINANCIAL FUTURES

# Little change

Trading was quiet on the London International Financial Futures Exchange yesterday ahead of the long weekend holiday in the U.S. After a subdued start it became clear the market was not reacting to encouraging news from the U.S., as far as credit markets were concerned, about a possible slowdown in U.S. economic growth, or to the confusing reports from the UK about the national dock strike.

Eurodollars and U.S. Treasury bonds for future delivery finished slightly firmer overall, but there was very little movement as the market continued to show concern about the hint of higher interest rates in the minutes of the July Federal Open Market Committee meeting. There was also a general expectation the economic figures released next month will indicate much stronger growth than the latest statistics.

Treasury bonds for September delivery opened at 65-13, and after touching a high of 65-18 closed at 65-17, compared with 65-15 on Wednesday. December was the most active month for Eurodollars. The contract opened at 87.84, the low point of the day end after trading in a narrow range, touching a peak of 87.89 closed at 87.86, against the previous settlement of 87.83.

### LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 88.34 | 88.38 | 88.32 | 88.32 |
| Dec | 87.86 | 87.89 | 87.84 | 87.83 |
| March | 87.51 | 87.54 | 87.48 | 87.47 |
| June | 87.27 | 87.31 | 87.23 | 87.23 |
| Sept | 87.04 | — | — | 87.00 |

Estimated volume 2,346 (2,941)
Previous day's open int 13,117 (13,015)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

[illegible]

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

[illegible]

STERLING £25,000 $ per £

[illegible]

DEUTSCHE MARKS
DM 125,000 $ per DM

[illegible]

SWISS FRANCS
SwFr 125,000 $ per SwFr

[illegible]

JAPANESE YEN Y12.5m $ per Y100

[illegible]

FT-SE 100 INDEX
£25 per full index point

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 109.55 | 110.10 | 108.70 | 109.20 |
| Dec | 108.70 | 108.75 | 108.10 | 108.20 |
| March | 108.70 | — | — | 109.20 |

Estimated volume 523 (336)
Previous day's open int 852 (1,009)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Sept | 65-17 | 65-18 | 65-08 | 65-15 |
| Dec | 64-26 | 64-28 | 64-16 | 64-25 |
| March | 64-09 | — | — | 64-07 |

Estimated volume 623 (649)
Previous day's open int 2,015 (2,167)

### CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | | | | |
| March | 64-25 | 64-25 | 64-21 | 64-24 |
| June | — | — | — | 63-30 |
| Sept | — | — | — | 63-18 |
| Dec | — | — | — | 62-25 |
| March | — | — | — | — |
| June | — | — | — | 62-01 |

U.S. TREASURY BILLS (IMM)
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | | | | 88.81 |
| | | | | 89.20 |
| | | | | 88.84 |
| | | | | 88.57 |
| | | | | 88.35 |
| | | | | 88.18 |
| | | | | 88.04 |
| | | | | 87.94 |

CERT. DEPOSIT (IMM)
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | | | | 88.46 |
| | | | | 87.87 |
| | | | | 87.62 |
| | | | | 87.36 |

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | | | | 88.04 |
| | | | | 87.55 |
| | | | | 87.20 |
| | | | | 86.92 |
| | | | | 86.69 |
| | | | | 86.50 |

STERLING (IMM) Se per £

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | | | | 1.3165 |
| | | | | 1.3215 |
| | | | | 1.3275 |
| | | | | 1.3765 |

GNMA (CBT)
8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | | | | 66-18 |
| | | | | 65-21 |
| | | | | 64-24 |
| | | | | 63-30 |
| | | | | 63-18 |
| | | | | 62-25 |
| | | | | — |
| | | | | 62-01 |



## Company Notices





## MONEY MARKETS

# UK rates easier where changed

Interest rates were a little easier in London yesterday. There appeared to be no clear overall trend as the market attempted to assess the implications of a partial strike by dock workers. Three-month interbank money was unchanged at 10⅛-10⅛ per cent compared with 10⅛ per cent. Overnight interbank money opened at 10⅞-11 per cent and touched a high of 11½ per cent before easing to 10½ per cent.

The Bank of England forecast a shortage of around £700m with facters affecting the market including maturing assistance and a take up of Treasury bills together draining £235m and the unwinding of previous sale and repurchase agreements accounting for a further £516m. There was also a rise in the note circulation of £10m and banks brought forward balances £10m below target. On the other hand Exchequer transactions added £55m.

To help alleviate the shortage, the Bank offered an early round of assistance which resulted in purchases of £232m of bills. These comprised £5m of eligible bank bills in band 1 (up to 14 days) at 10½ per cent and £135m in band 2 (15-33 days) at 10½ per cent. In band 3 (34-63 days) it bought £44m of eligible bank bills at 10½ per cent and in band 4 (64-91 days) £48m of eligible bank bills at 10½ per cent.

The Bank gave further assistance in the morning which comprised purchases of £13m of eligible bank bills in band 1 at 10½ per cent and in band 2, £5m of local authority bills and £44m of eligible bank bills all at 10½ per cent. In band 3 it bought £21m of eligible bank bills at 10½ per cent and in band 4 £7m of Treasury bills and £17m of eligible bank bills at 10½ per cent. It also arranged sale and repurchase agreements on £200m of bills at 10⅛-10⅛ per cent, unwinding on September 11.

The forecast was revised to a shortage of around £650m, before taking into account the earlier help and the Bank gave further help in the afternoon comprising £1m of local authority bills and £6m of eligible bank bills in band 2 at 10½ per cent and in band 4, £3m of Treasury bills and £29m of eligible bank bills at 10½ per cent. Total help was £578m.

In Frankfurt the Bundesbank announced its intention to invite tenders for 28-day repurchase agreements at a fixed rate of 5.7 per cent. The results of the tender will be known today but will probably reflect the maturity of DM 7.3bn in repurchase agreements also maturing today. This facility also carried a rate of 5.7 per cent.

### MONEY RATES

| Aug. 30 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | 5.45-5.55 | 10¾ | 15.15 | 5¾-5⅞ | 6.21875 | 15¼-15⅝ | 12.0 | 12⅞-12⅝ |
| One month | 5.7-5.8 | 11⅛-11⅛ | 4⅞-4⅞ | 5-5⅛ | 6.34375 | 15⅛-15½ | 11⅛-11¼ | 12¾-13 |
| Two months | 5.75-5.85 | 11⅛-11¼ | — | — | — | — | — | 12⅞-15⅛ |
| Three months | 5.80-5.95 | 11⅛-11⅛ | 4¾-4⅞ | 5⅞-5⅞ | 5.96125 | 15⅞-15⅝ | 11⅛-11⅝ | 13-13¼ |
| Six months | 6.05-6.20 | 11⅛-11⅛ | — | 5⅞-5⅞ | — | — | 11⅛-11⅝ | 15⅛-15¾ |
| Lombard | 5.9 | — | — | — | — | — | — | — |
| Intervention | — | 11¼ | — | 5¾ | — | — | — | — |

### LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

| Aug. 30 1984 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 10½-11¼ | 10⅞-11⅛ | 11-11¼ | 9½-11 | — | — | — | — | — |
| 2 days notice | — | — | 10⅞ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 10⅞-11 | 10⅞ | 11⅛ | 10¾-10⅞ | — | — | — | — | — |
| One month | 11 10⅞ | 10⅞ 11 | 10⅞ | 11⅛ | 10⅞-10⅞ | 10⅞ | 10⅞ | 10⅞ | 10⅞ | 11⅛ |
| Two months | 10¾-10⅞ | 10⅞-10⅞ | 10¾ | 11 | 10⅞-10⅞ | 10⅞ | 10⅞ | 10⅞ | 10⅞ | 10⅞ |
| Three months | 10⅞-10⅞ | 10⅞-10⅞ | 10¾ | 10¾ | 10-10¼ | 10 | 9⅞ | 10⅞-10⅞ | 10⅞ | 10⅞ |
| Six months | 10⅞-10⅞ | 10⅞ 10⅞ | 10¾ | — | — | — | — | 9⅞-10 | 9⅞-9⅞ | 10⅞ |
| Nine months | 10⅞-10⅞ | 10⅞-10⅞ | — | — | — | — | — | — | — | — |
| One year | 10⅞-10⅞ | 10⅞-10⅞ | 10¾ | — | — | — | — | — | — | — |

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | $ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | 11⅛-11 | — | 10¾ | 11.55-11.95 | 9⅞-9⅞ | 9⅞-9¾ |
| Two months | 11⅛-10⅞ | — | 10¾ | 11.8-11.7 | 9¾-10 | 9⅞-9⅝ |
| Three months | 11⅞-10⅞ | — | 10¾ | 11.7-11.6 | 9⅞-10⅞ | 9⅞-9⅞ |
| Six months | 10⅞-10¾ | — | 10⅞ | 11.95-12.05 | 10⅞-10⅞ | 9⅞-10⅞ |
| Nine months | 10⅞-10⅞ | — | 10⅞ | 12.1-12.2 | — | — |
| One year | 10⅞-10⅞ | — | 10⅞ | 12.4-12.6 | 10⅞-10⅞ | 10⅞-10⅞ |
| Two years | — | 11¼ | — | — | — | — |
| Three years | — | 11½ | — | — | — | — |
| Four years | — | 11¾ | — | — | — | — |
| Five years | — | 11¾ | — | — | — | — |

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period July 4 to August 7 1984 (inclusive): 11.781 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from August 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rate for sums at seven days' notice 7½-7¾ per cent. Treasury Bills: Average tender rates of discount 9.9657 per cent. Certificates of Tax Deposit (Series 6). Deposit £100,000 and over held under one month 11 per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-12 months 11 per cent. Under £100,000 10¼ per cent from August 13. Deposits held under Series 5 10¼ per cent. The rates for all deposits withdrawn for cash 7 per cent.

### FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. August 30)
3 months U.S. dollars

| bid 11 7/8 | offer 12 |
|---|---|

6 months U.S. dollars

| bid 12 1/4 | offer 12 1/4 |
|---|---|

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

NEW YORK (Lunchtime)

| | |
|---|---|
| Prime rate | 13 |
| Broker loan rate | 12½-12¾ |
| Fed funds | 11⅝ |
| Fed funds at intervention | 11½ |

Treasury Bills

| | |
|---|---|
| One-month | 10.525 |
| Two-month | 10.625 |
| Three-month | 10.64 |
| Six-month | 10.74 |
| One-year | 10.86 |

Treasury Bonds

| | |
|---|---|
| Two-year | 99⅞ |
| Three-year | 99⅞ |
| Four-year | 102⅞ |
| Five-year | 99¾ |
| Seven-year | 102⅞ |
| 10-year | 98⅞ |
| 30-year | 99⅞ |



The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 29, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of August 29 at 11.00 a.m.
3 months: 12 6 months: 12¼

ECU=$US.777084 SDR1=$US1.01762
Sibor as of August 29 at 11.00 a.m.
3 months: 12 6 months: 12¼

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Afghanistan | Afghani (O) | 60.50 |
| Albania | Lek | 7.7099 |
| Algeria | Dinar | 5.032 |
| Andorra | Fr. Franc | 8.8858 |
| | Sp. Peseta | 154.57 |
| Angola | Kwanza | 30.214 |
| Antigua | E. Caribbean $ | 2.70 |
| Argentina | New Peso (o) | 72.202 |
| Australia | Dollar | 1.1718 |
| Austria | Schilling | 20.24 |
| [illegible] | | |
| Grenada | E. Caribbean $ | 2.70 |
| Guadaloupe | Franc | 8.8565 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal | 1.00 |
| Guinea Bissau | Peso | 82.5985 |
| Guinea Rep | Syli | 24.9578 |
| Guyana | Dollar | 3.75 |
| Haiti | Gourde | 5.00 |
| Honduras Rep. | Lempira | 2.00 |
| Hong Kong | Dollar | 7.8423 |
| [illegible] | | |
| Paraguay | Guarani (o,c) | 240.00 |
| | Guarani (d) | 443.00 |
| Peru | Sol (o) | 2792.83 |
| Philippines | Peso (e) | 18.06 |
| Pitcairn Is | N.Z. Dollar | 2.0028 |
| Poland | Zloty (O) | 113.04 |
| Portugal | Escudo | 151.00 |
| Puerto Rico | U.S. $ | 1.00 |
| Qatar | Riyal | 3.641 |
| [illegible] | | |

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket control bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Mali Rep. has rejoined U.M.O.A. and effective June 1. CFA franc is official currency. (3) Mali Rp.: Mali franc remains legal tender for three months from June 1. (4) Saudi Arabia: Riyal devalued from 3.51 to 3.53, August 12. (5) New Zealand: Official devaluation of 20%, July 18. (6) Botswana: Approx. 5% devaluation effective July 8. (7) August 4 Upper Volta changed its name to Burkina Faso. For further information please contact your local branch of the Bank of America.

# INTERNATIONAL CAPITAL MARKETS

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 30.

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Alaska Housing 11¾ 94 | 100 | 94½ | 94⅞ | −0½ | −0½ | 12.73 |
| All Nippon Airways 14 94 | 100 | 109½ | 110 | −0½ | +1 | 12.23 |
| American Savings 12 89 | 125 | 93⅞ | 94¼ | +0½ | −0½ | 13.79 |
| American Sav 12¼ 88 | 100 | 94½ | 95½ | −0½ | −1 | 13.75 |
| Austria Rep 13⅝ 92 | 100 | 102⅞ | 103⅜ | −0¼ | −0⅛ | 12.54 |
| Bank of Tokyo 13⅝ 91 | 100 | 100⅞ | 101¾ | −0⅛ | +0½ | 13.34 |
| C.N.C.A. 13¼ 91 | 100 | 100 | 100½ | 0 | +0¾ | 13.15 |
| Coastal Int 12¼ 89 | 125 | 96⅝ | 97½ | 0 | +0⅜ | 12.32 |
| Creditanstalt 13½ 91 | 100 | 94½ | 99 | 0 | +0⅝ | 13.38 |
| D.N.C. 11¾ 91 WW | 50 | †90½ | 91 | +0¼ | +0¼ | 13.98 |
| D.N.C. 11¾ 91 XW | 50 | †90 | 90½ | +0¼ | +0¼ | 14.11 |
| Denmark Kingdom 12 91 | 100 | 93⅞ | 94⅜ | 0 | −0⅛ | 13.38 |
| Denmark Kingdom 13 91 | 100 | 98¼ | 98⅞ | −0⅛ | −0½ | 13.28 |
| Denmark 13⅞ 88 XW | 100 | 100¾ | 101¼ | −0⅛ | 0 | 13.62 |
| Denmark Kingdom 14 91 | 100 | 103⅞ | 104⅜ | +0⅛ | −0¼ | 13.13 |
| E.D.C. 11⅞ 89 | 150 | 94¼ | 95⅛ | −0⅛ | −0⅛ | 12.57 |
| E.I.B. 12½ 90 | 100 | 97⅜ | 98¼ | 0 | +0½ | 12.98 |
| E.I.B. 12⅞ 94 | 100 | 97⅞ | 98⅜ | 0 | −0½ | 13.28 |
| Eurofima 12½ 91 | 100 | 98 | 98½ | +0⅛ | +0⅜ | 12.87 |
| Ex-Im Bk Japan 13⅝ 91 | 70 | 102¼ | 102¾ | 0 | −0⅛ | 12.65 |
| First Michigan 13⅝ 89 | 125 | 98½ | 99 | 0 | −0⅛ | 13.59 |
| Florida Fed Sav 12⅞ 89 | 100 | 95¼ | 95⅝ | 0 | −0½ | 13.72 |
| Gen Elec Credit 0 98 | 600 | 27⅜ | 28½ | 0 | +0½ | 11.37 |
| Gen Elec Credit 11 91 WW | 200 | 94⅞ | 95⅛ | +0⅛ | −0⅛ | 12.09 |
| Genossen Zentral 14 91 | 100 | 101⅝ | 102½ | −0⅛ | −0⅛ | 13.53 |
| GMAC O/S Fin 13 86 | 200 | 101 | 101½ | 0 | +0⅛ | 12.14 |
| Gulf S Western 12⅛ 89 | 100 | 93⅝ | 94⅛ | 0 | +1 | 13.96 |
| Indust Bk Japan 11½ 89 | 125 | 94⅛ | 94⅞ | −0⅛ | +0⅛ | 13.15 |
| Indust Bk Japan 13⅞ 91 | 125 | 106⅝ | 107⅛ | −0⅛ | +0⅛ | 12.31 |
| Japan Air Lines 12½ 94 | 70 | 98½ | 99 | +0⅛ | +0 | 12.20 |
| L.T.C.B. 13⅝ 91 | 125 | 101⅛ | 101⅝ | +0½ | +0⅛ | 13.29 |
| Macy O/S 11¾ 91 | 100 | 96⅞ | 97½ | +0½ | −0⅛ | 12.45 |
| Mitsui Trust Fin 12 91 | 100 | 93½ | 94 | 0 | 0 | 12.47 |
| Montreal, City 12½ 91 | 70 | 95⅞ | 96¼ | −0⅛ | +0½ | 13.41 |
| Morgan Guaranty 12¼ 89 | 150 | 96 | 96½ | +0⅛ | −0⅛ | 12.33 |
| Newfoundland Prov 13 91 | 75 | 100 | 100⅜ | 0 | +0⅜ | 12.87 |
| Nippon Cred Bk 13⅞ 89 | 100 | 101½ | 102 | 0 | −0⅛ | 13.33 |
| Nippon Tele 11⅜ 90 | 100 | 98⅝ | 99½ | +0⅛ | +0⅛ | 11.62 |
| Nova Scotia Pro 11¾ 91 | 100 | 94½ | 95 | 0 | +0⅛ | 12.86 |
| Ontario Hydro 11⅝ 94 | 200 | 94½ | 94⅞ | −0⅛ | +0⅜ | 12.65 |
| Quebec Hydro 11½ 92 | 100 | †93⅞ | 94¼ | +0½ | +1⅛ | 12.71 |
| Quebec Province 12⅝ 94 | 150 | 95⅝ | 95⅞ | +0⅛ | +1 | 13.05 |
| Rockefeller Grp 13½ 89 | 100 | 101⅜ | 101⅞ | 0 | +0⅛ | 12.74 |
| Royal Bk of Can 11½ 89 | 100 | 93⅞ | 94½ | 0 | −0⅛ | 13.31 |
| Rural & Ind Bk 12 91 | 50 | 93¼ | 93¾ | −0½ | +0⅛ | 13.53 |
| Sears O/S Fin 11⅝ 91 | 150 | 96½ | 96⅞ | +0⅛ | −0½ | 12.44 |
| Sec Pac O/S Fin 12 92 | 100 | 92¼ | 92¾ | 0 | −0⅛ | 13.61 |
| S.E.K. 11½ 89 | 100 | 94⅞ | 96½ | 0 | −0⅛ | 13.04 |
| Shearson/Amex 12⅛ 94 | 100 | 94⅞ | 95⅜ | −0⅛ | +0⅛ | 12.81 |
| Statoil 12 88 | 100 | 97⅞ | 98⅜ | 0 | −0⅛ | 12.62 |
| Statoil 13½ 89 | 100 | 102⅝ | 102⅞ | −0⅛ | +0⅛ | 12.73 |
| Sumitomo Fin 12⅜ 91 | 100 | 96⅝ | 97⅛ | −0⅛ | −0⅛ | 13.45 |
| Sweden Kingdom 12⅝ 89 | 200 | 98 | 98½ | 0 | +0½ | 12.85 |
| Texaco Capital 13½ 89 | 200 | 102½ | 102⅞ | +0⅛ | +0⅜ | 12.86 |
| Texas Insts Int 11⅞ 91 | 100 | 96⅝ | 96¾ | 0 | +1⅛ | 12.65 |
| Total Asia 12⅝ 91 | 100 | 94½ | 95½ | 0 | +0⅛ | 13.45 |
| Tokyo Met 12⅞ 94 | 50 | 98⅞ | 99⅜ | 0 | 0 | 13.02 |
| World Bank 11¾ 89 | 200 | 95⅛ | 95⅝ | −0⅛ | 0 | 12.72 |
| Yasuda Tst&Fin 12⅜ 89 | 100 | 95⅛ | 95⅝ | 0 | +0⅛ | 13.54 |

Average price change On day 0 on week +0⅛

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Allied Chemical 7½ 94 | 125 | 100 | 100½ | +0⅛ | +0⅛ | 7.45 |
| Amca Int'l 8¼ 91 | 100 | 101⅝ | 101⅞ | 0 | +0⅛ | 7.93 |
| A.N.A.S. 8½ 91 | 150 | 100⅜ | 100⅞ | −0⅛ | +0⅛ | 8.35 |
| Austria Republic 7⅝ 94 | 200 | 97⅛ | 97⅝ | +0⅛ | +0½ | 8.02 |
| Baxter Travenol 7¼ 94 | 200 | 97¾ | 98¼ | 0 | +0⅜ | 7.54 |
| Credit National 8½ 94 | 200 | 99⅞ | 100⅛ | 0 | +0⅜ | 8.13 |
| Degussa Int Fin 7½ 94 | 100 | 100⅝ | 101⅛ | +0⅛ | −0⅛ | 7.39 |
| E.E.C. 8 92 | 200 | 100 | 100½ | +0⅛ | +0⅝ | 7.94 |
| E.I.B. 8 91 | 250 | 100¼ | 100¾ | +0⅞ | +0⅛ | 7.90 |
| Escom 8 92 | 150 | 98⅝ | 98⅞ | 0 | 0 | 8.21 |
| Ferrovie Dello Stato 8 91 | 100 | 99⅝ | 99⅝ | +0⅛ | +0½ | 8.09 |
| Finland Rep 7½ 91 | 150 | 97½ | 98 | +0⅛ | +0⅛ | 7.83 |
| Gould Int Fin 7⅝ 91 | 100 | 98⅜ | 99¼ | +0¼ | +0⅛ | 7.81 |
| Int Standard Ele 7⅜ 90 | 100 | 100 | 100½ | 0 | 0 | 7.31 |
| Ireland 8⅛ 92 | 150 | 98⅞ | 99¼ | +0⅛ | +0⅜ | 8.29 |
| Japan Fin Corp 7⅛ 91 | 100 | 99⅝ | 100¼ | +0⅜ | +0⅜ | 7.62 |
| Magal Fin 8¼ 94 | 150 | 99⅝ | 100⅛ | −0⅛ | −0⅛ | 8.22 |
| Mitsubishi Hvy 3½ 89WW | 300 | 99½ | 100⅛ | 0 | −0⅛ | 3.53 |
| Mitsubishi Hvy 3½ 89XW | 300 | 87⅞ | 88⅜ | +0⅜ | +0⅞ | 5.58 |
| O.K.B. 7½ 88 | 100 | 99¼ | 100 | +0⅛ | +0⅛ | 7.59 |
| Pepsico O/S Fin 7⅛ 94 | 250 | 99⅝ | 100⅛ | +0⅜ | +0½ | 7.24 |
| Reynolds O/S Fin 7½ 94 | 125 | 100⅝ | 101⅛ | +0⅛ | +0⅛ | 7.34 |
| Societe Cent Nucleaire 8 91 | 100 | 100½ | 101 | 0 | +0⅛ | 7.85 |
| Sth Africa Rep 8½ 91 | 200 | 100⅛ | 100⅝ | −0⅛ | −0⅛ | 8.39 |
| World Bank 7¾ 89 | 100 | 99⅝ | 100⅛ | +0⅛ | 0 | 7.73 |
| World Bank 8 94 | 200 | 100⅛ | 100⅝ | +0⅛ | +1⅛ | 7.91 |

Average price change On day +0⅛ on week +0⅜

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev Bank 6⅛ 94 | 100 | †101½ | 101⅞ | −0½ | +0½ | 6.03 |
| Canada 5¼ 97 | 200 | †100½ | 100⅞ | 0 | 0 | 5.15 |
| Consol Foods 5⅜ 94 | 200 | †103 | 103¼ | 0 | +0¼ | 5.33 |
| Consol Press 6⅛ 94 | 200 | †100½ | 100⅞ | 0 | +0⅛ | 6.16 |
| Credit Foncier 6 94 | 120 | †100½ | 100⅞ | −0⅛ | 0 | 5.91 |
| Electric Power 5⅝ 94 | 100 | †100 | 100⅛ | 0 | 0 | 5.73 |
| Euratom 6⅛ 94 | 90 | †101½ | 101⅞ | +0⅛ | +0½ | 6.02 |
| FGH 5⅝ 87 | 110 | †99½ | 99⅞ | +0⅛ | 0 | 5.97 |
| G.O.Int 6⅞ 92 | 70 | †102½ | 102⅞ | +0½ | +1⅛ | 6.31 |
| Int-Am Dev Bk 6¼ 94 | 120 | †101½ | 101½ | +0⅛ | +0½ | 6.06 |
| Japan Fin Corp 5½ 94 | 100 | †98½ | 98½ | 0 | 0 | 5.72 |
| Japan Highway 5⅝ 92 | 150 | †97¾ | 98 | 0 | +0⅛ | 5.72 |
| Kansai Ele Power 6⅛ 92 | 100 | †103½ | 103½ | −0⅛ | +0⅛ | 5.58 |
| Manitoba Prov 5⅜ 94 | 100 | †102⅜ | 103 | 0 | +0½ | 5.36 |
| Mitsui Fin Asia 5⅞ 94 | 55 | †99⅝ | 99 | −0⅛ | 0 | 6.03 |
| Mount Isa Fin 5⅝ 94 | 100 | †98⅛ | 98½ | 0 | 0 | 5.97 |
| New Brunswick 5⅝ 94 | 100 | †100⅜ | 101 | 0 | 0 | 5.56 |
| Quebec-Hydro 5⅞ 94 | 150 | †102⅛ | 102½ | −0⅛ | +0⅛ | 5.55 |
| Stadsforetag 6 92 | 75 | †101 | 101⅛ | +0½ | +0½ | 5.81 |
| Sweden Kingdom 5⅜ 94 | 125 | †101 | 101¼ | 0 | 0 | 5.59 |
| Tauernkraftwerke 5½ 94 | 100 | †98 | 99¼ | +0⅛ | +0½ | 5.62 |

Average price change On day [illegible] on week [illegible]

| | Issued | Bid | Offer | Change on day |
|---|---|---|---|---|
| Tobu Railway 4 92 WW | 100 | †96 | 98¼ | +0⅛ |
| Tobu Railway 4 92 XW | 100 | †86½ | 87 | +0⅛ |
| Transcanada Pipe 5½ 92 | 100 | †98½ | 98⅞ | 0 |
| World Bank 8⅛ 94 | 200 | †101¼ | 101½ | 0 |

Average price change On day 0 on week +0⅛

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev Bk 7⅜ 94 | 15 | 99 | 99½ | 0 | [illegible] | [illegible] |
| Eurofima 7⅞ 94 | 10 | 100⅛ | 100⅝ | +0⅛ | [illegible] | [illegible] |
| New Zealand 7½ 90 | 15 | 97⅝ | 98¼ | +0⅛ | [illegible] | [illegible] |
| World Bank 7 94 | 20 | 94⅞ | 95⅜ | +0⅛ | [illegible] | [illegible] |
| World Bank 7⅝ 93 | 20 | 100⅝ | 101⅛ | +0⅛ | [illegible] | [illegible] |

Average price change On day +0⅛ on week [illegible]

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Bayer Indonesia 14 91 CS | 75 | †99⅝ | 100⅛ | 0 | [illegible] | [illegible] |
| Brit Col Tel 12⅛ 89 CS | 70 | †96⅞ | 97⅜ | 0 | [illegible] | [illegible] |
| Canadian Occ 12⅞ 90 CS | 60 | †97⅛ | 97⅝ | 0 | [illegible] | [illegible] |
| C.N.E. 13 93 CS | 50 | †96½ | 96⅞ | −0⅛ | [illegible] | [illegible] |
| Montreal City 01 12 90 CS | 50 | †96¼ | 96⅞ | +0⅛ | [illegible] | [illegible] |
| Quebec Hydro 14 91 CS | 75 | †105⅞ | 105⅞ | 0 | [illegible] | [illegible] |
| Vancouver City 01 13 94CS | 30 | †102 | 103 | 0 | [illegible] | [illegible] |
| E.E.C. 11¼ 91 ECU | 50 | 104½ | 104⅝ | −0⅛ | [illegible] | [illegible] |
| I.B.J. 11¼ 89 ECU | 40 | 101⅝ | 102⅛ | 0 | [illegible] | [illegible] |
| I.J.I. 11 89 ECU | 60 | 98½ | 99⅛ | +0⅛ | [illegible] | [illegible] |
| Aegon 6⅛ 89 FL | 100 | 101½ | 102 | −0⅛ | [illegible] | [illegible] |
| Beatrice Foods 8⅛ 89FL | 100 | 103¼ | 102⅞ | 0 | [illegible] | [illegible] |
| Dai-ichi 9½ 89 FL | 50 | 99⅝ | 100⅛ | +0⅛ | [illegible] | [illegible] |
| New Zealand 8¼ 89 FL | 100 | 100⅛ | 100⅝ | 0 | [illegible] | [illegible] |
| Rank Xerox Fin 8¼ 89FL | 75 | 101½ | 102 | −0⅛ | [illegible] | [illegible] |
| World Bank 8⅛ 89 FL | 150 | 100⅛ | 100⅝ | −0⅛ | [illegible] | [illegible] |
| Charbonnages 13⅝ 85 FF | 400 | 101½ | 102⅛ | 0 | [illegible] | [illegible] |
| Air Canada 11¼ 94 £ | 40 | 90⅝ | 90⅞ | 0 | [illegible] | [illegible] |
| Cred Europe 11⅝ 92 £ | 50 | 98 | 98½ | 0 | [illegible] | [illegible] |
| Denmark 10⅝ 89 £ | 75 | 96⅛ | 96⅝ | +0⅛ | [illegible] | [illegible] |
| E.E.C. 11⅜ 94 £ | 50 | 97⅝ | 98⅛ | +0⅛ | [illegible] | [illegible] |
| E.I.B. 10⅝ 92 £ | 50 | 93¼ | 93⅝ | 0 | [illegible] | [illegible] |
| I.B.J. 11⅛ 95 £ | 30 | 98⅝ | 98⅞ | 0 | [illegible] | [illegible] |
| I.J.I. 10⅝ 93 £ | 25 | 93¼ | 93¾ | 0 | [illegible] | [illegible] |
| Int Stand Ele 11⅛ 89 £ | 50 | 99⅝ | 100⅛ | −0⅛ | [illegible] | [illegible] |
| Ireland 11⅜ 94 £ | 50 | 94½ | 94⅞ | 0 | [illegible] | [illegible] |
| New Zealand 10⅝ 89 £ | 100 | 95⅝ | 96⅛ | 0 | [illegible] | [illegible] |
| O.K.B. 12⅛ 91 £ | 30 | 101⅜ | 101⅞ | 0 | [illegible] | [illegible] |
| Royal Trustco 12⅛ 89 £ | 30 | 101⅝ | 102⅛ | −0⅛ | [illegible] | [illegible] |
| SNCF 11¼ 94 £ | 80 | 94¼ | 94⅝ | +0⅛ | [illegible] | [illegible] |
| Sth African Rep 12½ 89£ | 40 | 100⅝ | 101⅛ | 0 | [illegible] | [illegible] |
| World Bank 10⅝ 89 £ | 100 | 95⅝ | 96⅛ | −0⅛ | [illegible] | [illegible] |
| Electrolux 10 89 LF | 500 | 98⅝ | 99⅛ | +0⅛ | [illegible] | [illegible] |
| E.C.S.C. 10½ 94LF | 100 | 98⅝ | 99⅛ | +0⅛ | [illegible] | [illegible] |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Arab Banking 5½ 90 | 0⅛ | †98⅞ | 99⅜ | 15/9 | [illegible] | [illegible] |
| B.B.L. Int 5 89 | 0⅛ | 99 | 99⅛ | 11/10 | [illegible] | [illegible] |
| Banca Naz Agri 5⅛ 91 | 0⅛ | †99⅛ | 99½ | 18/2 | [illegible] | [illegible] |
| Bank of Montreal 5 90 | 0⅛ | 100 | 100⅛ | 27/15 | [illegible] | [illegible] |
| Bankers Trust 5⅛ 96 | 0⅛ | 99⅞ | 100⅛ | 10/8 | [illegible] | [illegible] |
| Barclays O/S Inv 5 2004 | 0⅛ | 98⅝ | 99⅛ | 2/9 | [illegible] | [illegible] |
| BFG Fin 5⅜ 98 | 0⅛ | 99½ | 99⅞ | 1/0 | [illegible] | [illegible] |
| B.N.P. 5⅛ 96 (July) | 0⅛ | 100 | 100⅛ | 21/1 | [illegible] | [illegible] |
| B.N.P. 5⅛ 96 (August) | 0⅛ | †99 | 99 | 1/2 | [illegible] | [illegible] |
| Credit Lyonnais 5½ 98 | 0⅛ | 100 | 100½ | 14/12 | [illegible] | [illegible] |
| Dai-Ichi Kangyo 5⅛ 86 | 0⅛ | 99½ | 100 | 10/11 | [illegible] | [illegible] |
| Dresdner Fin 5½ 89 | 0 | 99⅝ | 99⅝ | 23/8 | [illegible] | [illegible] |
| E.D.F. 8⅛ 89 | 0⅛ | 99⅝ | 99⅞ | 23/8 | [illegible] | [illegible] |
| Gotabanken 5⅛ 94 | 0⅛ | 98⅞ | 98⅞ | 18/11 | [illegible] | [illegible] |

CONVERTIBLE BONDS: [illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = Current coupon. C.yld = Current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



# United Technologies taps Euro £ market

BY MAGGIE URRY IN LONDON

UNITED TECHNOLOGIES, the U.S. electronics, aircraft equipment and buildings group, has carried out some pioneering work in the Eurobond markets this week. After a Swiss franc private placement on Tuesday it yesterday tapped the Eurosterling market for £35m.

Both deals are issued directly from the U.S., becoming the first U.S. corporate borrower to use the new Treasury regulations. The Eurosterling issue, lead managed by S. G. Warburg, was of a five-year bond with a 11⅛ per cent coupon. It was an instant success – showing how much that sector has longed for a good U.S. name – and traded around a ⅜ point discount to its par issue price, well inside the 1⅛ per cent selling concession. Dealers reported buying interest from the Swiss.

Other new issue managers are still a little hesitant about using the new U.S. rules, although they expect to see some deals in the dollar sector soon. A remnant of uncertainty surrounds the question of borrowers giving an indemnity for "back-up" withholding tax.

The Eurodollar market was quiet yesterday, although short covering by professionals and some retail interest pushed prices up by ⅛ point in places.

The $25m Swissair warrants deal, launched late on Wednesday, traded at 101. The seven-year bond has an 8 per cent coupon, and warrants with a five-year life to buy shares at the market price. This no-premium formula and the high quality name was considered attractive.

Nomura International increased its convertible bond for the Japanese security company Secom from $70m to $80m and the coupon has been set at 3⅛ per cent, compared with a 4 per cent indication.

The D-Mark sector is benefiting from a post-holiday increase in turnover. Bonds were ¼ point better in business described by dealers as "active." The Swiss franc market is still quiet and bond prices were unchanged.

**WEEKLY U.S. BOND YIELDS (%)**

| | Aug 30 | Aug 22 | 1984 High | 1984 Low |
|---|---|---|---|---|
| Composite Corp. AA | 13.19 | 13.18 | 14.23 | 12.15 |
| Government: | | | | |
| Long-term | 12.54 | 12.66 | 13.80 | 11.91 |
| Intermediate | 12.81 | 12.57 | 13.75 | 11.36 |
| Short-term | 12.37 | 12.29 | 13.29 | 10.70 |
| Municipal | 10.06 | 9.84 | 11.14 | 9.46 |
| Industrials AAA | 12.62 | 12.59 | 13.95 | 11.72 |
| Industrials AA | 13.10 | 13.09 | 14.13 | 12.32 |
| Utilities AA | 13.28 | 13.26 | 14.45 | 12.33 |
| Preferred Stocks | 11.71 | 11.65 | 12.17 | 11.07 |

Source: Standard & Poor's

# Denmark plans another big loan prepayment

BY HILARY BARNES IN COPENHAGEN

THE DANISH Government announced yesterday that it plans to make another major loan prepayment, part of which will be refinanced by borrowing at more advantageous rates of interest.

The loan to be prepaid, on October 2, is a seven-year, $650m syndicated loan arranged in 1982 by Citicorp. The margin on this loan is 0.15 per cent above the U.S. prime rate for the first four years of the loan.

Approximately half the amount can be repaid from existing funds, but over the next few months the Danes plan to raise $300m to $400m to help cover the rest.

**EHF Bank bond average**

| August 30 | Previous |
|---|---|
| 99.893 | 99.777 |
| High 1984 | Low |
| 100.009 | 98.956 |

On Tuesday, Denmark launched a $100m, seven-year Eurobond issue as part of this refinancing programme and, according to Mr Nils Erik Sorensen, of the National Debt Office, is considering loans in D-Marks and Swiss francs.

The Danes have already prepaid $1.6bn this year.

# OVER-THE-COUNTER

Continued from Page 22

Stock | Sales (Hnds) | High | Low | Last | Chng: [illegible]

# Indices

## NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS: [illegible]

N.Y.S.E. ALL COMMON: [illegible]

RISES AND FALLS: [illegible]

TORONTO: [illegible]

MONTREAL Portfolio: [illegible]

New York Active Stocks: [illegible]

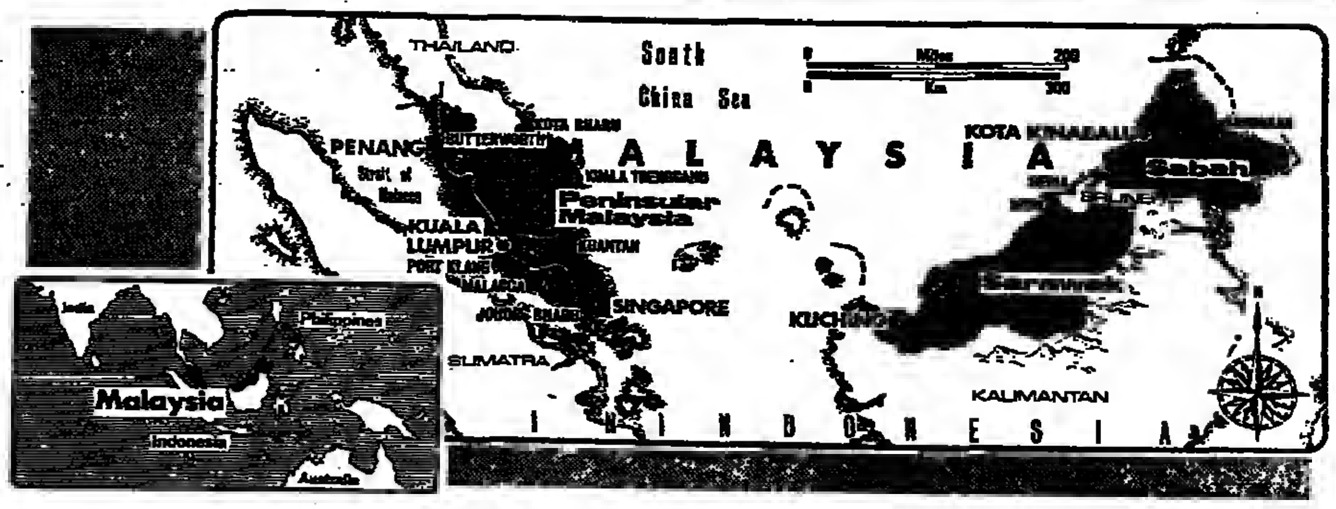
AUSTRALIA, AUSTRIA, BELGIUM, DENMARK, FRANCE, GERMANY, HONG KONG, ITALY, JAPAN, NETHERLANDS, NORWAY, SINGAPORE, SOUTH AFRICA, SPAIN, SWEDEN, SWITZERLAND, WORLD: [illegible]

** Saturday August 25. Japan Nikkei-Dow 10,563.68. TSE 814.74.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

# FINANCIAL TIMES SURVEY

# Malaysia




CONTENTS



*Design: Philip Hunt*
*Editorial production: Arthur Dawson*

The Prime Minister, Dr Mahathir, has stamped his impression firmly on the country, changing traditional attitudes. He has faced awkward challenges however on both the political and economic fronts.

## Rich nation on the move

**EVEN BY the standards of super-endowed, surge-ahead South-East Asia, few countries are blessed with more good fortune than Malaysia. To many it is an equatorial wonderland. If so, the fairy tale has flaws —some of them worrying because they involve sensitive matters of race and religion. Malaysia's story is also one of progress and achievement.**

For a start it is a major world producer of five key commodities—rubber, palm oil, tin, timber and pepper. More significantly it has recently joined the privileged ranks of oil and gas exporters.

CHRIS SHERWELL

Secondly, its population is literate, enterprising and, for such a vast country, conveniently small at a mere 15m. It is also ethnically rich, with politically dominant Malays, economically powerful Chinese, Indians and Westerners co-operating peacefully in a common effort—mostly to make money.

Finally, the democratic government, though fiendishly complex with its nine sultans and 11-party coalitions, is strong, stable and headed by a highly sophisticated and pragmatic civilian leadership which gets on with its neighbours and is ambitious for progress.

Malaysia regularly chalks up annual real growth rates above 6 per cent, and its currency, the ringgit, is among the strongest in the world. Standards of living have soared and the inflation rate is under 5 per cent. Unsurprisingly, it is a darling of the international banking community.

Spearheading the leadership is Datuk Seri Dr Mahathir Mohammad, a 59-year-old physician, the first Malaysian Prime Minister not to be connected with the royal establishment or to have been educated in Britain, the old colonial power. Since the moment he took over as leader in 1981, he has steadily increased his hold on power and stamped his impression on everything the Government has done.

He has ordered civil servants to clock in for work, campaigned for greater efficiency and less corruption, and urged ministers to cut their business ties. He has sought to reform people's attitudes through slogans like Look East (meaning learn from the success of Japan and South Korea), and Malaysia Inc, which simply exhorts the public and private sectors to co-operate more closely.

His "Buy British Last" policy between 1981 and 1983 successfully put ties with London on a reformed and healthier footing, a change due to be consecrated in a visit by Mrs Margaret Thatcher next month—incredibly, the first official visit by a British Prime Minister since independence in 1957.

Not everything has gone directly Dr Mahathir's way however, either on the political or the economic front. There have been awkward challenges and difficult battles demanding tricky compromises and reversals of view. Dr Mahathir has carried them off in a manner skilled politicians would applaud.

His biggest economic problem has been the current account of the balance of payments. The Government attempted to spend its way through the 1980-82 western recession, but it lasted longer than expected. Exports suffered but imports soared, fuelled by heavy foreign borrowing which is now bringing burdensome debt repayments.

Rather than risk damaging its excellent credit rating, the Government reversed its counter-cyclical strategy and cut public spending. The curreot account deficit, while narrowing from record highs, remains unacceptably large, reflecting a worrying invisibles gap caused principally by high interest repayments, which will peak in 1987. Foreign borrowing is being reduced.

The cuts have meant a postponement of much-vaunted plans to shift Malaysia into heavy industry. Projects already committed contractually have gone ahead, including the controversial "Made in Malaysia" car, but others have been shelved.

A current economic review is casting the net wider. Malaysia wants to expand the existing manufacturing sector from its narrow base in electronics and textiles to take in resource-based industries, and to regenerate the non-plantation agricultural sector, which has lost so much of its dynamism that the country cannot feed itself.

### Buzzword

The present buzzword is "privatisation," reflecting the realisation that the public sector has grown too large. There is to be a reduced government role in telecommunications, the national airline, railways and ports, and a much-boosted role for the private sector.

All this has entailed another crucial change in official thinking, involving the very cornerstone of the Government's political and economic strategy, the 20-year New Economic Policy. The Government this year explicitly acknowledged that the targets of this policy will not be met for 1981-85, and may not be met by 1990, when it is doe to expire.

The New *Economic Policy* was introduced after Malay-Chinese racial tensions burst to the surface in riots in 1969 after a disappointing Malay showing in elections. A famous diagnosis ot the time by Dr Mahathir himself concluded that the economic gap between the poorer Malays and the richer communities had to be reduced to avoid a repetition.

It resulted in the present policy, which aims to give bumiputras (indigenous Malays) a greater share in the wealth and income of the country.

This "restructuring" has been funded out of economic growth rather than at the direct expense of the local Chinese or foreign business communities. From a level of 4.3 per cent in 1970, the bumiputra share of corporate equity—the standard measure of progress—is now forecast at 21.9 per cent for 1985, against a hoped-for 23 per cent. The 1990 target of 30 per cent remains.

The Government, realising the need for foreign equity investment in the current economic circumstances, has now acknowledged that tha policy may have deterred such investment in the past, despite liberal incentives and minimal foreign exchange restrictions.

In May Dr Mahathir announced that foreigners, who previously could rarely expect to retain more than 30 per cent stakes in their Malaysian operations, would be allowed to hold a majority stake in certain kinds of venture. Officials say the policy could be modified still further after the current economic review.

**BASIC STATISTICS**

| | |
|---|---|
| Area: Peninsular Malaysia | 132,000 sq km |
| Sarawak & Sabah | 202,000 sq km |
| Population 1983 | 14.8m |
| (rate of growth 2.5 per cent) | |
| Composition of population: | |
| Malays | 48 per cent |
| Chinese | 34 per cent |
| Indians | 9 per cent |
| Other | 9 per cent |
| Currency (M$2.33=US$1) | Ringitt (M$) |
| Current Account deficit (1983) | M$6.7bn |
| Current account deficit (1984 forecast) | M$5.5bn |
| Visible trade surplus (1984 forecast) | M$4bn |
| Real growth in gross domestic product (1983) | 5.8 per cent |
| (Forecast 1984) | 6.7 per cent |
| Per capita gross national product (1983) | 4,342 ringitt |
| External debt (1983) | US$13.3bn (30.95bn ringitt) |
| Debt service ratio (1983) | 9.2 per cent |
| Reserves (1983) | M$9.44bn |

Dr Mahathir's great personal and political achievement has been to effect these changes while simultaneously strengthening his grip on power, despite the additional embarrassments of large bad loans on the books of Bank Bumiputra, the country's biggest bank, and last year's unfortunate mishandling of a change in the constitutional powers of the monarchy.

In almost any other country both these affairs would have eroded a leader's standing. In Malaysia, Dr Mahathir has flourished—partly because it is the Malay way to give leoders the benefit of the doubt ond partly because he is seen to be sincere.

In May, be and bis powerful No 2, Datuk Musa Hitom—known together as "The Two Ms"—emerged strengthened from elections to the main party posts at the congress of the United Malays Notionol Organisation, or Umno. As Umno dominates Malay politics, and Malay politics is effectively Malaysian politics, the succession appeors confirmed.

That bardly means an end to the country's effervescent politics, bowever. In a Cabinet reshuffle last month, Tengku Razaleigh Hamzah, the influential Finance Minister, was demoted. His unexpected replacement was Mr Daim Zainuddin, a businessman and close associate of Dr Mahathir whose appointment probably surprised Datuk Musa as much as everyone else.

No one now doubts that Dr Mahothir has consolidoted his position, a view reinforced by his shake-up this year of the army top brass. All eyes are now turning to the next party and general elections due in 1987. Dr Mahothir is widely expected to seek another term in order to see his ombitious policies through the key year of 1990.

Casting a large shadow over this bright picture are some darker facets of Malaysion affairs, some of which give the country a poor image obroad. The cancellation of the New York Philharmonic's Malaysian performances next month because of government unhappiness over a Jewish score is one example. The Bank Bumiputra scandal is another.

There is also a worrying growth of Islamic fundamentalism which threatens divisions in the Malay community, a shortage of spirited racial co-operation among the various communities, a less than vibrant press and extremely tough powers of detention.

Rapid migration has added the squalor of squatter populotions to rural poverty, while disparities in wealth remain large and a growing middle closs has soaring expectations. A still-overmanned bureaucracy means irritating inefficiencies, and there is misuse of patronage and blatant corruption. Dubious dealings abound in the stock market and corporate sector generally.

### Dominated

The Government is aware of all this and is not sitting on its bonds. It is now dominated by youog, highly educated professionals who have made their own way to the top. Many owe loyalty to Dr Mahathir. Most share his bopes of transforming the country into another of Asia's Little Dragons, like South Koreo or Taiwan.

Once sleepy Kuala Lumpur, still one of the most attractive capials in the region, has olreody been transformed into a modern maze of skyscrapers and bighways surrounded by industrial estates and leafy suburbs. The country is a myriad of scenic mountains, dense jungles, vast plantations and sandy beaches.

Malaysia, in short, is a rich country on the move. It now wants others to sit up and take notice.

# Umno remains unchallenged driving force

**Politics**

CHRIS SHERWELL

IT IS sometimes said that the real test of political leadership is an ability to reverse a position—or to push it to the limit—without losing party or public support.

If so, Dr Mahathir Mohamad, Malaysia Prime Minister, has faced tests on both economic matters and straight political issues and no only survived but flourished.

His change of course on the economy has probably been the more important in its national and international implications, especially as it entails greater flexibility over the pro-bumiputra New Economic Policy, a cornerstone of Malaysian politics.

But the more revealing was last year's push by Dr Mahathir for a change in the constitutional powers of the monarchy. No issue in recent years has so convulsed the nation. It took Malaysian politics into uncharted territory and illustrated many of its Byzantine complexities.

It also underlined an axiom of Malaysian affairs, which is that they are dominated by Malay politics, and specifically the attitudes of the United Malays National Organisation, known as Umno.

Umno, one of the largest Moslem political parties in the world, is the unchallenged driving force of the 11-party National Front coalition which has ruled Malaysia since independence.

Its partners, mostly representing the country's other racial communities, are of secondary importance, and in the case of the Malaysian Chinese Association, the main Chinese party, they are racked by division.

This is not to say that opposition parties or pressure groups are of no interest. Aliran, a social reform group, and the Consumers Association of Penang both express national criticism of Government policies from middle-class standpoints.

The Democratic Action Party, though predominantly Chinese, dislikes the racial distinctions which are so much a part and parcel of Malaysian life.

The opposition party which has caused most comment, however, is Parti Islam, known as Pas. It is an extreme Moslem grouping which has campaigned so vocally and so worried the Government that its political meetings in four northern states were banned earlier this month.

Although it has long had support, many wonder whether Dr Mahathir's own attempts to ride the pro-Islamic wave—for example by starting up an Islamic university and an Islamic Bank — have actually encouraged divisions both within the Malay community and between Malay and non-Malay.

### Bitter controversy

The bitter controversy over the change in the constitutional powers of the monarchy only surfaced after Dr Mahathir quietly pushed a raft of amendments through Parliament last August. These reodered almost irrelevant the Royal powers of assent and transferred to the Prime Minister alone the all-important power to declare a state of emergency.

The official reason for the change was that it would "streamline" Malaysia's democracy. But Malaysia has nine sultans who elect one of their number as King every five years, and the change reflected concern that the monarch—especially a controversial one who might be elected in 1984—could upset Government plans if he did not follow British traditions of automatic royal assent.

For some reason Dr Mahathir did not wish to wait for the question to be tested. The legislative change went through Parliament conveniently unpublicised, not least because discussion of the monarch's position at that time amounted to sedition—the sultans, a focus of Malay and Islamic identity, have long been kept out of politics.

The king, however, was prevailed upon by his royal counterparts not to sign the Bill into law, and the delay stimulated public controversy. Dr Mahathir, facing mounting criticism of his handling of the issue, began a campaign of public rallies which defied the ban on public discussion of the monarchy and potentially threatened to divide the Malay community.

When, after months of bitter debate, a compromise was finally reached in January, it hardly seemed favourable to Dr Mahathir. The monarch retained the power to delay federal legislation and regained the power to declare a state of emergency.

The May elections gave a clear victory to the "two Ms," Dr Mahathir Mohamad, Prime Minister, and his deputy, Datuk Musa Hitam (right).

Nothing changed at state level, where all problems had occurred in the past. The whole affair did nothing to influence the outcome of the election of a monarch, since one of the two candidates unexpectedly died.

Even so, Dr Mahathir emerged from the battle untarnished and, if anything, strengthened. The experts say he had established his point by removing the possibility of royal veto for all time.

The cost of the operation was incalculable, however, and to most his apparent success remains part of the mystery of Malay politics. Even months later, the reverberations were still being felt as Umno members who had failed to give full support at critical moments found themselves out of favour.

This was most clearly demonstrated in the party elections at Umno's annual congress in May. The elections are held every three years, and they effectively determine the national political succession, so they are watched extremely closely.

The May elections were a clear victory for "The Two Ms" —Dr Mahathir and his number two, Datuk Musa Hitam, the powerful Deputy Prime Minister and Home Affairs Minister.

Dr Mahathir was returned unopposed as party head, and Datuk Musa successfully beat off a challenge—the second—by Tengku Razaleigh Hamzah, the Finance Minister. The two men's candidates also won key vice-presidential posts and seats on the all-important party supreme council.

Since then a Cabinet reshuffle last month has generated further speculation about the true balance of power within the party, and current feeling is that Dr Mahathir has consolidated his grip on power.

Previously, most people believed Dr Mahathir was in effect "hemmed in" by both Datuk Musa and Tengku Razaleigh, even though he enjoyed broad support among party and public when he arrived in power in 1981.

### Reshuffle

In the Cabinet reshuffle he kept Tengku Razaleigh, acknowledging Razaleigh's continued support, but demoting him to the Trade and Industry Ministry. He also removed Razaleigh from key Umno posts.

At the same time he put into the Finance Ministry and a key Umno position Mr Daim Zainuddin; until then a successful businessman but long a close adviser of Dr Mahathir's. This appeared designed to counter the increased influence of Datuk Musa, who had sought Razaleigh's removal altogether.

As Dr Mahathir also put others of his own supporters into strategic Cabinet and party posts, the overall impression is that he has buttressed his position and intends to stay on, perhaps seeing through a second term after the next election. This is due in 1987 but is expected earlier.

This doesn't mean that Malay politics will become any less effervescent. Campaigns for Umno leadership posts will continue and Dr Mahathir will still face challenges and problems but the realities suggest he is better poised to handle them than ever before.

Relations change under Mahathir's "Look East" policy

# Trade takes a dominant role

**Foreign policy**

CHRIS SHERWELL

BY ITS very nature Malaysia cannot afford to be anything other than outward looking.

It shares a language with countries far beyond its borders, with Indonesia, Singapore and Brunei, and an official religion which spreads still further to the whole Islamic world.

Likewise, it cherishes its old Commonwealth ties, and values its 17-year-old regional links with the Association of South East Asian Nations (Asean), which embraces Malaysia, Indonesia, Singapore, Thailand, the Philippines and Brunei.

Times are none the less changing. "We are reorientating our policies," says Deputy Foreign Minister Abdul Kadir. "Trade is taking a more important role. We want to be friends with people who can help us and to give something in return."

Just how important trade factors can be is illustrated by the perhaps exceptional example of the Soviet Union, which has bought so much from Malaysia, mostly primary commodities, that the Kuala Lumpur Government is to purchase two Soviet helicopters to help to correct the imbalance.

Officially relations with Moscow are cool. Malaysia has been concerned about alleged spying activities and the sighting of a Soviet helicopter some distance off the east coast of peninsular Malaysia. The helicopter deal is thus seen as a straightforward trade matter rather than as a breakthrough for Moscow.

Opportunities for counter-trade are also promoting *new* contacts, notably with the Eastern bloc countries and Brazil. Last year there was a switchgear deal with Yugoslavia and an iron ore purchase from Brazil. Malaysia seems less concerned than before about offering marketable commodities in exchange.

Malaysia is also seeking other trading opportunities in developing countries, thereby promoting "south-south" arrangements, and most progress has been made with the small South Pacific nations.

The "Look East" policy promoted by Dr Mahathir Mohammad, the Prime Minister, is another feature of Malaysia's changing foreign relations. It has meant more business with South Korea, *including one* counter-trade deal for patrol boats, and it has underlined Japan's strong standing in Malaysia.

Indeed, Japan's strengthening position over the years appears to parallel Britain's declining one. Two decades ago Britain took 25 per cent of Malaysia's trade, Japan only 4 per cent. By 1983 the positions were exactly reversed. Moreover, Japan's partnership largely matched Britain's old-one as a bulk purchaser of primary commodities and a marketer of manufactured goods.

The trend reflects Britain's own withdrawal from empire and reorientation to Europe and Japan's economic might in the region—a result of both its proximity and its competitiveness. But unlike Japan, whose leaders visit the region regularly, Britain tended to take its Malaysian ties for granted; and eventually this led to an appalling deterioration in relations in 1980-81.

One cause was a sudden rise in tuition fees for overseas students in Britain, which affected thousands of Malaysians studying there. The more important reason was Malaysia's takeover of plantation companies like Guthrie and Harrison and Crosfield.

Malaysians were upset by unwarranted and insensitive British criticism of the moves and especially by a change in London Stock Exchange rules, which they wrongly thought was aimed at them.

Between October 1981 and April 1983 Malaysia operated a "Buy British Last" policy over its official contracts. Though trade figures suggest the policy made only some difference, relations reached a depressing nadir and it took considerable diplomatic effort — and a boosted scholarship fund for students—to end the misunderstandings.

That finally came with Dr Mahathir's visit to London in March last year. Mrs Thatcher, the UK Prime Minister, is due to return the compliment in the middle of next month with a precedent-setting official visit.

### Healthier footing

A high-powered Malaysia-British Association, with a counterpart in London, is to be launched at a big banquet in Kuala Lumpur attended by dignitaries from both sides. Relations, which are again warm, should then be on a healthier footing.

That does not mean a return to the old, favoured standing. Sentimental links with the UK undoubtedly remain strong for many Malaysians, but the UK will have to compete with the rest of the world for an attractive market while facing demands from Kuala Lumpur for better treatment in many fields.

The hot topic earlier this month, for example, was Malaysia's demand for an additional flight to London for its national airline—part of a more general worry about the country's [illegible] deficit which with Britain is particularly high.

As for Malaysia's relationship with Japan, many people wonder whether this can continue along past lines. Malaysia not only wants more air services to Tokyo but also sees cause to ponder Japan's dominance of Malaysian trade, despite the Look East policy.

In particular, Malaysia would like to sell a greater variety of products to Japan and see even more direct investment from Tokyo.

Security factors also weigh heavily in Malaysia's foreign policy and several recent developments point to significant changes. The most important came in June 1983, when Malaysia put troops on the tiny Layang Layang atoll in the *middle of the South China Sea.*

The atoll lies only 60 km (37 miles) from Amboyna Cay, which Vietnamese Communist troops occupied more than five years ago.

Both places are part of the disputed Spratly Islands, which are important not only because of their vital strategic location across major sea routes but also because of their potential reserves of oil and gas. Malaysia's assertion of sovereignty was thus directed more at Vietnam's seabed claims than at its political colour.

Vietnam nonetheless remains a key factor in Malaysia's foreign and defence policy. Immediately after the Vietnamese invasion of Kampuchea and the ousting of the Pol Pot regime in 1979, Malaysia began a massive defence procurement and expansion plan, helped by a boom in public revenues.

### Severe cutback

Tough government budget constraints have since forced a severe cutback in both those plans and operational expenditures, but Vietnam has begun to look less of a direct military threat because it has become bogged down in Kampuchea and faces its own economic problems. This is conveniently allowing a fresh assessment.

In the 1960s Malaysia was dependent on Britain for much of its external defence and concentrated on internal security, specifically guerrilla insurgency from the Communist Party of Malaya. In the 1970s it became involved with Britain, Singapore, Australia and New Zealand in the Five-Power Defence Arrangement (FPDA). The 1980s may involve a further move into conventional defence.

The FPDA, though alive, is not as well as it could be. Only in recent years have joint exercises been undertaken, and despite significantly warmer relations between Malaysia and Singapore under Dr Mahathir, Singaporean troops have yet to do land exercises in Malaysia.

Joint naval and air exercises have gone ahead, but land operations are conducted in Australia and New Zealand.

Malaysia and Singapore have meanwhile voiced concern about a possible decline in the Australian air presence in the region when Canberra modernises the RAAF later in the 1980s. These worries appear to have been calmed earlier this year, but they are a sign of the general unease still felt on defence matters.

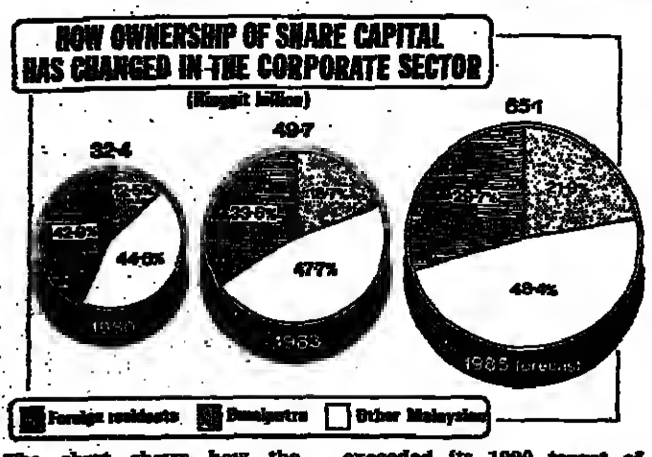
In a potentially significant development, defence co-operation between Malaysia and the U.S. is building up, mostly at the *level of* exchanges and training. The change appears to reflect a rethinking of options by Washington in case events go awry in the Philippines, where the U.S. has major air and naval bases.

Dr Mahathir has meanwhile expressed fears to Washington over the implications of the U.S. rapprochement with China, which to Malaysia remains the most important long term threat because of its continued backing for the Communist Party of Malaya. Certainly China looms as large in Malaysian strategic thinking as Vietnam, which by contrast is a potential ally.

Meanwhile, Dr Mahathir himself has emerged as Malaysia's most effective and tireless promoter. In the past 18 months *he has* visited Britain, France, Switzerland, the U.S. Canada, Japan, South Korea, Pakistan, Australia and New Zealand. He has not missed a chance to sell Malaysia as a place to invest in or simply to visit.



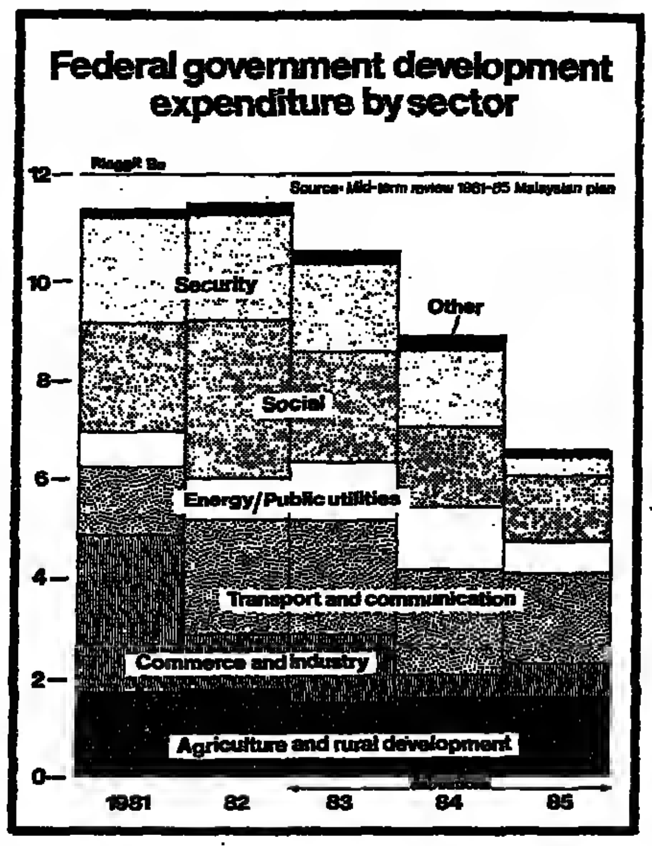
هكذا من الأصل

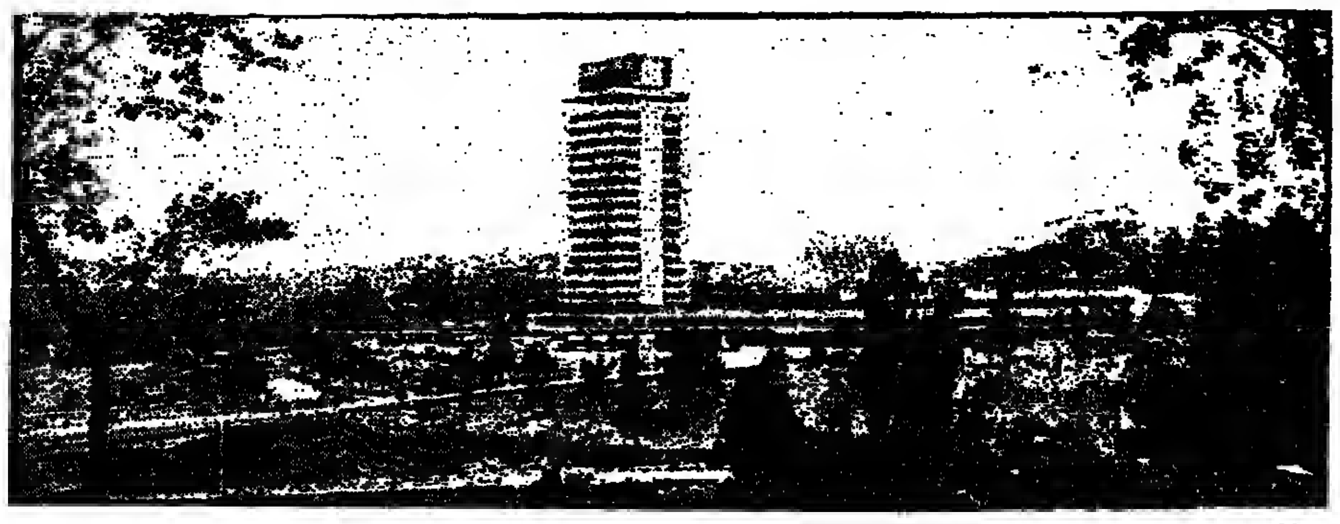



The chart shows how the bumiputra share of a growing corporate cake has increased. The size of the cake is projected to double between 1980 and 1985. In 1970, when the New Economic Policy began, the bumiputra share was only 4.3 per cent. The target for 1990, when the policy expires, is 30 per cent.

The figures need some qualification. First, much depends on the valuations themselves. In 1980, the size of the cake was put at 26.5bn ringget. The 32.4bn figure above is a 1983 revision. Second, it is apparent that the share for "Other Malaysian" has already exceeded its 1990 target of 40 per cent. But this category does not mean just the Malaysian Chinese community.

It includes other communities, like the Indians, and the shareholdings of numerous "nominee" companies, many of which will be acting on behalf of bumiputras. Thus, although the 1985 bumiputra share appears to fall short of the originally planned 23 per cent level for 1985, it does not necessarily mean that the 30 per cent target will not in practice be reached. On existing classifications, however, higher growth rates are needed to meet the targets.



TERRY KIRK

**Parliament Buildings in Kuala Lumpur. Next month's budget proposals are likely to spell out further measures to cut foreign borrowing**

**BALANCE OF PAYMENTS**

(Ringgit cmp)

| | 1981 | 1982 | 1983 |
|---|---|---|---|
| Exports | 26,964 | 27,967 | 32,163 |
| Imports | 26,933 | 29,166 | 30,532 |
| Trade balance | —29 | —1,199 | +1,631 |
| Services balance | —5,299 | —6,021 | —8,295 |
| Net transfers | —78 | —78 | —50 |
| Current account balance | —5,406 | —7,298 | —6,714 |
| Overall balance | —1,093 | —614 | —55 |

Source: Bank Negara report, 1983

**PUBLIC SECTOR SPENDING**

ringgit (bn)

| | 1982 | 1983 |
|---|---|---|
| Current spending | 27.07 | 29.24 |
| Current revenues | 31.39 | 35.44 |
| Current balance | +4.32 | +6.20 |
| Development spending | 15.63 | 14.51 |
| Overall deficit | —11.31 | —8.31 |

Source: Bank Negara report, 1983

Figures are for federal government, 13 state governments, 14 public authorities and 13 "off-budget agencies."

# Why development expenditure had to be trimmed

**Economy**

CHRIS SHERWELL

ONLY ONE issue dominates assessments of Malaysia's immediate economic prospects: the persistent current account deficit on the balance of payments.

It has forced Dr Mahathir Mohamad, the Prime Minister, to reverse the Government's economic policies and to review its whole long-term strategy.

That is because Malaysia, as a major world producer of five key commodities, an oil and gas exporter and budding manufacturer, is critically dependent on world markets. Quite simply, its natural economic assets can occasionally be a serious weakness.

Even so, Malaysia's real annual growth rates have rarely fallen below 6 per cent and between 1976 and 1981 the rise in gross domestic product fell below 7 per cent only once. But 1982 saw 5.2 per cent, and 1983 5.6 per cent.

While this year's forecast is for 6.7 per cent, the bitter experiences of the recent past suggest that Malaysia may have to tolerate slightly reduced growth rates in future.

Malaysia sought to escape the impact of the world recession that followed the 1979 oil shock through a Keynesian counter-cyclical public spending programme. The Government reasoned that money which couldn't be stumped up locally could be raised on the finest possible terms.

But the recession went on far longer than expected, and Malaysian public finances couldn't stand the pace. Programmes were so ambitious and foreign borrowing rose so fast that the Government's budget and the balance of payments threatened to get out of control, jeopardising the country's excellent credit standing internationally.

Dr Mahathir, having arrived in power in 1981, called an election in April 1982, which meant that action had to wait. It came in the October 1982 budget and was followed later by a painful review of public spending.

Just how far-reaching and necessary the changes were was revealed in the October 1983 budget, the mid-term review of the 1981-85 Fourth Malaysia Plan (which came out last March) and the annual report of Bank Negara, the central bank (also out in March).

## Serious deficit

Crucially, the merchandise trade balance went into serious deficit for the first time ever—1.2bn ringgit in 1982. In the same year the current account deficit hit a record 7.3bn ringgit, equivalent to 12.4 per cent of gross national product and 35 per cent higher than in 1981. For the second year running, Malaysia recorded an overall deficit on the balance of payments.

Behind this worsening picture was a deterioration in domestic finances for the whole public sector—the Federal Government, 13 state governments, 14 public authorities and another 13 so-called "off-budget agencies." The public authorities include the ports, railways, telecommunications department and municipal councils.

The off-budget agencies—which have had an impact even the government is only now coming to grips with—include the Heavy Industries Corporation (Hicom), Petronas (the state oil corporation) and Malaysian Airlines.

Taking these all together, Malaysia's overall public sector deficit soared to 11.3bn ringgit in 1982, equivalent to almost 19 per cent of GNP. This was the net result of a huge 15.6bn ringgit in development spending and a 4.3bn ringgit surplus for current revenues and expenditure.

Sustaining the trend was a leap in foreign borrowing which took Malaysia's external debt from 15.4bn ringgit to 24.5bn ringgit in a year.

Plainly some action was necessary. The Government curbed operational expenditures by slowing down recruitment to an already overmanned civil service and by reducing subsidies on items like rice and kerosene.

Revenues held up well, although the tax net still needs to be widened further. The real trimming was in development expenditure.

So while the current surplus was improved in 1983, and is expected to be still higher this year, development spending, which came down by an overall 1bn ringgit in 1983 thanks to cuts in Federal Government projects, is expected to be trimmed still further this year with better control of the off-budget agencies.

As a result, the overall deficit, which fell to just over 8bn ringgit in 1983 (around 12.5 per cent of GNP), is confidently expected to fall to about 7.5bn ringgit this year.

According to the mid-term review of the Fourth Plan, the brunt of the cuts in Federal Government development spending are to be borne, this year and next, by the defence sector.

Savings must be found from the off-budget agencies because their development spending actually rose 29 per cent in 1983 and 42 per cent in 1982. Half of the 1983 total of 6.7bn ringgit for these agencies was taken by the electricity, oil and gas sectors alone.

Externally the effect of all this public spending by the end of 1983 was acute. Cumulative foreign borrowing for the first three years of the 1981-85 plan was more than 13bn ringgit, against a planned 4bn ringgit for the whole five years. Total external debt soared to 30.9bn ringgit while the debt service ratio climbed to 9.2 per cent, higher than ever before.

Even so, the Government seems confident enough about the actions it has taken to be now considering demands for income tax cuts at higher levels in the forthcoming budget. If this happens the leakage may well have to be recouped through increased contributions by employers and employees to the national provident fund, which would shift the burden on to those who earn the least.

## Improvements

On the external front the Government is forecasting a much narrower current account deficit of 5.5bn ringgit for 1984 after 6.7bn ringgit in 1983 but this trend masks another serious development involving the invisibles account. Much of the current account improvements is due to imports rising more slowly, thanks to Government spending cuts and, more importantly, a strong surge in export revenues.

This has been caused by higher commodity prices, notably for palm oil, but mainly by a sharp rise in oil production to 445,000 barrels a day (b/d) in the first quarter, well up on last year's average of 380,000 b/d.

Malaysia is not a member of Opec, and has no ceilings to observe. Moreover its first liquid natural gas exports began last year and are expected to rise from 1.7m tonnes to 3m tonnes this year.

Malaysia's visible trade balance is therefore expected to soar back to a surplus of up to 4bn ringgit in 1984. On invisibles, however, the deficit is now forecast at a record 9.5bn ringgit, more than 2bn ringgit higher than was projected even as late as last October's budget.

Dr Mahathir has called it "a cancer," and urged greater emphasis on tourism, more cargo carried in Malaysian ships and more buying on an f.o.b. basis and selling c.i.f.

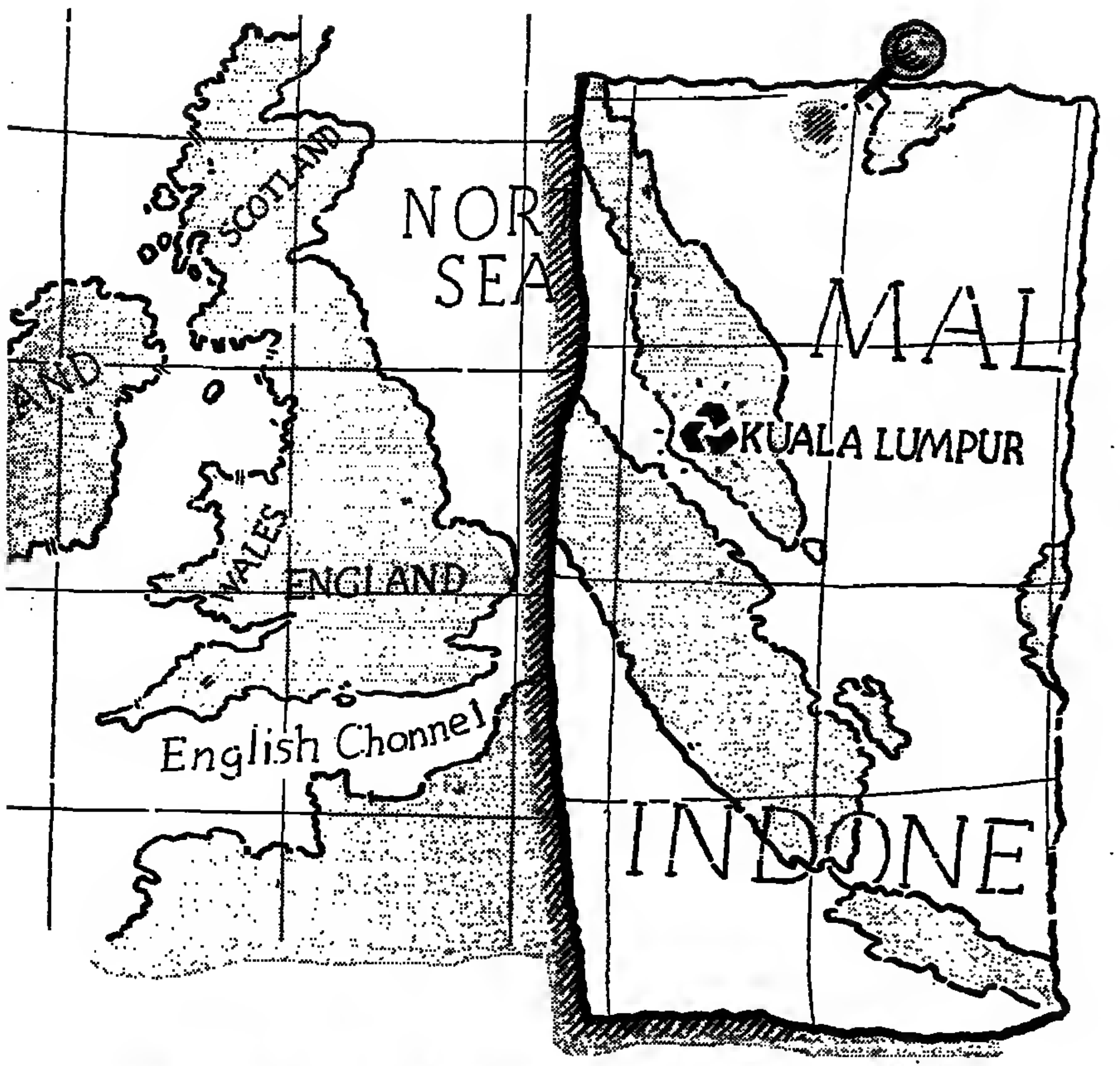
The main cause, however, is inescapable and for the most part entirely predictable—payments on foreign debt. Like many developing countries, Malaysia faces one vital unknown—a possible rise in Euromarket interest rates.

That is why the country's economic policy-makers had to take the action they did, and why Malaysia may yet have to seek a refinancing of its debt when servicing reaches a peak in 1987. Devaluation of the ringgit, however, is seen as unnecessary and unhelpful.

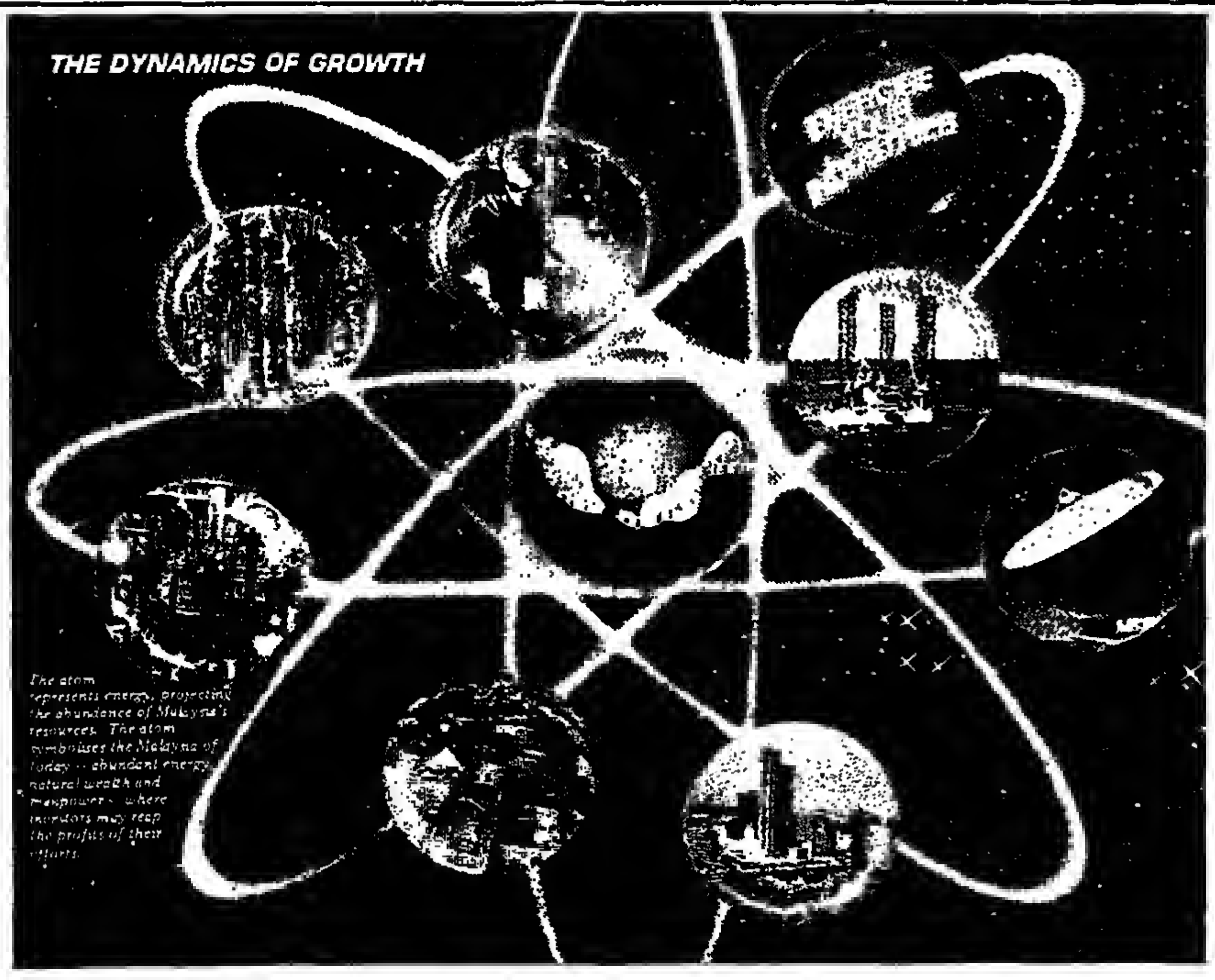
Meanwhile, the government is trimming its foreign borrowing. Having borrowed a total of 4.5bn ringgit in 1983, of which 3.2bn ringgit was at market rates, it expects to borrow about 2bn ringgit in the market this year. It has done most of that already—notably in a $500m (U.S.) 10-year syndicated loan at highly favourable rates.

The implications of all this are clear: a halt in plans for new heavy industries, a long-overdue attempt to widen the manufacturing sector by developing more "downstream" industries based on rubber, palm oil and timber, a revitalisation of the stagnating agricultural sector, a much greater role for private enterprise, and a reform of the New Economic Policy.

The Government has already started on these measures, but more official pronouncements are awaited. The October budget is probably the next major opportunity.












# Plans for heavy industry under major review

**Industry**

CHRIS SHERWELL

A YEAR AGO a 2,000-acre plantation area half an hour's drive from Kuala Lumpur was being cleared and levelled in a round-the-clock operation.

Today it shows the steel and girder framework of a major factory which is the focus of Dr Mahathir Mohomad's attempts to introduce heavy industry to Malaysia.

The area is the site for the country's first "Made in Malaysia" car, to be called the Proton Saga, and the first is due to roll off the assembly line next July. The project is one of several in a controversial heavy industry programme which the Government has been forced to review because of balance of payments problems.

The government has also begun a major re-think of its considerable achievements in manufacturing generally, which is still reckoned to be too narrowly based; and it is clear that significant changes are afoot.

## Pet project

The car, something of a pet project of Dr Mahathir, is one of the heavy industry projects which has been allowed to go ahead. Others include a vast cement plant on the island of Langkawi, a sponge iron plant in Trengganu and, in the East Malaysian state of Sabah, a second sponge iron plant, a methanol plant—both based on natural gas—and a paper and pulp mill.

Other plans are still being studied or have been shelved. They include a second paper and pulp mill, an engineering complex, a steel pipe plant and cold rolling mill, a refinery and a petrochemical plant. Some of these, the refinery in Malacca, for example, will probably never see the light of day. Some could be revived, but no one is saying when.

The decision to defer these projects was necessary if the deterioration in the country's public finances was to be contained. Total costs are already running into billions of dollars and job opportunities are likely to be about 10,000 by 1990.

Perhaps the key government agency is the Heavy Industries Corporation of Malaysia (Hicom), set up in 1980 with a paid up capital of 300m ringgit. The government believed that Malaysia had to widen and strengthen the foundation of its manufacturing sector, as Japan, South Korea and Taiwan had done.

This meant producing industrial raw materials and capital goods so as to reduce dependence on foreign sources, transfer technology to Malaysia, develop engineering skills and generate opportunities to build ancillary industries. In fact, bad all the projects gone ahead, Hicom would not have had the people to carry them out.

The national car project is a joint venture between Hicom, Mitsubishi Motors Corporation and Mitsubishi Corporation of Japan. It is expected to stimulate Malaysia's metal, rubber, plastics and electrical industries, which would supply parts and components and so accelerate general industrial development.

Initial production of 19,000 units will be expected to rise to 120,000 by 1990. At first only about 40 per cent of the car will be made locally, compared with 18 per cent for locally-assembled cars. Protection will be necessary to ensure success. This too has provoked criticism, but the local content is expected to rise steadily.

Moreover, foreign component makers, notably from Europe, have been showing interest in the project, and there is hope that they will be attracted to invest in Malaysia to supply parts for the car.

Of greater interest to foreign investors, however, will be the current review of economic policies by the Government, which among other things will examine the achievements and prospects of the whole manufacturing sector.

Malaysia's manufacturing growth has undoubtedly been rapid. The sector's contribution of 7 per cent to gross domestic product in 1958 rose to 18 per cent last year. In 1971-78 it was the fastest growing sector, with an average growth rate of 12 per cent a year.

Like other countries in the region, Malaysia has successfully sought to provide attractive investment incentives, protective tariffs, cheap and productive labour and easy foreign exchange controls in a bid to attract both import-substitution manufacturing of basic consumer goods and export-oriented industries which can earn foreign exchange.

The strategy has not been without its critics, notably from the Consumers Association of Penang, an environment-oriented pressure group. It has questioned the benefit of foreign investment and, in particular, the high import content of many manufacturing activities, the outflow of profits and royalties and the effect of transfer pricing by multinational corporations.

Tengku Razaleigh, Minister of Trade and Industry

Meanwhile, the Government has voiced its belief that the country's manufacturing sector has become too narrowly based in a few industries, particularly electronics, textiles and clothing. In fact the largest number of investment projects approved in Malaysia between 1971 and 1984 has been in food manufacturing, while a substantially large number were for building materials like cement.

## Scope

Export - oriented industries like electronics and textiles bave therefore simply been the most visible, though it is also clear that the value-added element has not been high in electronics. Perhaps 80 per cent of most individual goods which are exported must actually be imported first.

Officials say there is plenty of scope for reducing this and for opportunities for expansion, but much less in the textiles field. They are therefore hoping to attract investors in other areas, specifically resource-based industries.

The surprise here is that this has not been done before, bot to encourage it Dr Mahathir himself announced in May that foreign investors in these areas could hold a majority stake.

Although this is a mere formalisation of an existing on-the-ground arrangement for export-oriented industries, its official announcement represents a breakthrough in official thinking on the New Economic Policy which favours bumiputras. The change has caused considerable excitement and ought to make it easier to attract outside investment.

More importantly, it is expected to herald further important changes. Already-established, foreign - controlled companies may find it easier to "restructure" their equity, more flexible arrangements may be possible for companies which produce for the local as well as the export market and a revamped system of investment incentives is expected soon from the Malaysian Industrial Development Authority, which promotes foreign manufacturing investment.

The kind of resources-based industries the Government has in mind includes:

- Rubber-based industries. Hitherto these have been latex-based—rubber gloves, balloons—or focused on tyre production for the domestic market. Malaysia now wants to export not just tyres but other rubber products like hot water bottles, industrial hoses and engine mountings.
- Timber-based industries. Malaysia wants to curb the export of sawn logs and plywood in favour of factories producing goods for the lucrative Do-It-Yourself market in Europe and North America and for mass-producing finished and semi-finished furniture goods.
- Palm oil-based industries. Although the country refines most of the crude palm oil it produces, most of it becomes edble oil and, at best, cooking oil or soap. Malaysia wants to manufacture more of the chemicals which are the raw materials for the detergent, shampoo and perfume industries.

The Industrial Development Authority is now working on an Industrial Master Plan which will incorporate this thinking and is reorienting its missions abroad away from selling Malaysia as an investment location and towards attracting pre-selected companies to set up specfic projects on which it has already calculeted the potential returns.

"Up to now we've used shotguns rather than rifles," is how an authority official explains the new strategy. The different approach, together with the changes in incentives under consideration and the new flexibility in the New Economic Policy, certainly hold out great promise.

They point to a fresh era for business in Malaysia which could increase the manufacturing *sector's contribution to* growth and output and swell the Government's coffers.

# Mixed prospects as prices dip

**Commodities**

WONG SULONG

MALAYSIAN COMMODITIES are experiencing mixed prospects for the current yeer. Production of oil and gas, the country's biggest exports is up significantly, but prices are down.

Palm oil, cocoa and coconuts are enjoying firm prices, but prices for rubber, and tin are down, while prices for timber are bolding steady.

Although Malaysia is a medium-sized country in terms of geographical area and population, it is a significant producer of primary commodities.

It leads the world in the production and export of netural rubber, palm oil and tin. It is a substantial producer of tropical hardwoods, cocoa, and pepper, and is a medium exporter of oil and gas.

Malaysia is therefore well blessed with a wide range of commodities, which forms the lifeblood of its economy, and the springboard for its industrialisation drive.

Because of the need to boost drooping government revenue, and to alleviate the beavy balance of payments deficit, Malaysia has to compromise on its national oil conservation policy, mapped out in 1981.

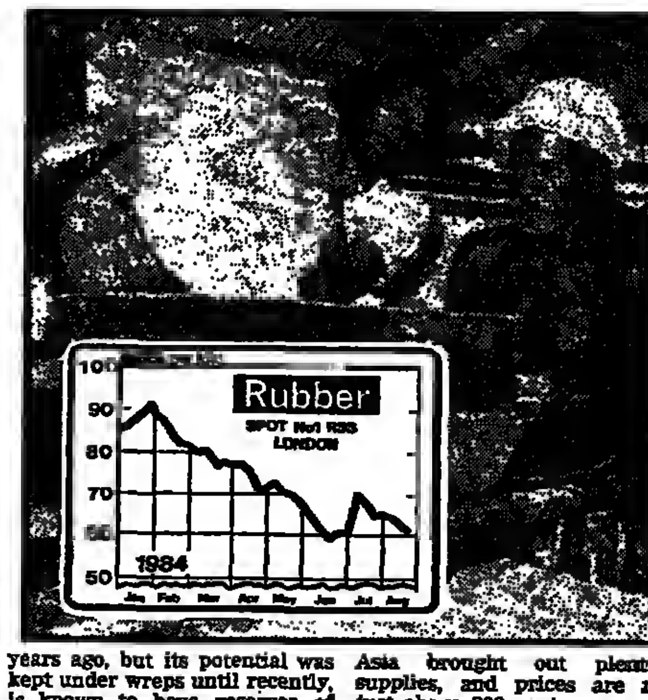
Crude oil production rose 17 per cent in 1982 to 303,000 barrels per day, and by another 28 per cent to 381,000 barrels daily last year. It is estimated to rise by a further 15.5 per cent this year to over 440,000 barrels. Malaysian officials, however, insist that the oil conservation policy has not been abandoned.

"If a guy's health is going down, what is the point of storing up the good food in the larder. You have to help him to recover. This is the same with our economy and the current party played by our oil," says a senior Treasury official.

At present rates of production, Malaysia's officially acknowledged reserves of 2.5bn barrels would last only 14 years.

Most foreign oil executives say this figure is definitely on the conservative side. Some even put known reserves as high as 4bn barrels.

The Dulang field, off Trengganu State, discovered several years ago, but its potential was kept under wreps until recently, is known to bave reserves of around 1bn barrels, making it one of the biggest fields in South-East Asia.




Malaysia's gas reserves are even more. At 79 trillion (million million) cubic feet, it is equivalent to 13bn barrels of oil.

The first liquid natural gas exports to Japan began in January last year, and earned close to 1bn ringgit for the year at 1.7m tonnes.

This year, LNG exports would be around 3m tonnes, half-way to the 6m tonne mark which Malaysia has agreed to sell to Japan annually for the next 20 years.

Crude oil and LNG exports for this year should bring in 10bn ringgit, or 14 per cent higher than last year.

## All-time high

For non-oil commodities, the Ministry of Primary Industries expects export value to increase by 13 per cent this year to 15.7bn ringgit.

The bulk of this increase will come from palm oil, which had a very good first half year, with prices touching an all-time high of 3,000 ringgit per tonne at one stage.

Palm oil is expected to bring in 4.66bn ringgit—up 56 per cent—based on 2.91m tonnes at an average price of 1,600 ringgit per tonne.

Rubber started the year on a promising note, with prices hitting 270 cents per kilo in February. But an extremely mild wintering in South-East Asia brought out plentiful supplies, and prices are now just above 200 cents.

"It would have been a very different picture if not for the mild wintering. We were defeated by our own weather," says Datuk Paul Leong, the Primary Industries Minister.

Export earnings from rubber is therefore projected to fall by 7.8 per cent to 3.4bn ringgit. After nearly a century as Malaysia's leading export, rubber has been delegated to fourth position, for the third successive year. This itself is testimony of the broadening of Malaysia'e economic base.

Members of the International Natural Rubber Organisation will renegotiete a new agreement next year. Malaysia will lead the producers demand for an upward revision in the price bands.

It feels that the present band of 166 to 246 Malaysian/Singapore cents per kilo does not giva any real incentive for producers to invest in increasing output, even though international agencies such as the World Bank, have forecast a big rubber shortage for the late 1980s and 1990s.

Recently, an international group of experts, commissioned by the Malaysian Government, submitted a report recommending Malaysia to increase its rubber production by 40 per cent in the year 2000 to meet demand. However, this increase should come from higher productivity, instead of new acreage.

The report also feels that immigrant labour is not a long-

CONTINUED ON NEXT PAGE

# Acquisitions, mergers and restructuring

## Banking

WONG SULONG

BANKS ARE probably the most highly rated corporations in Malaysia, and not surprisingly so.

In the first instance, it is very, very difficult to get a banking licence these days.

With an annual growth rate exceeding 25 per cent in terms of profit appreciation during the past 15 years — a rate that can be expected to be sustained for a few years more — Malaysian banks have been the target of acquisitions, mergers and restructuring.

In the process, the banks have grown rapidly in recent years, as reflected in the paid-up capital of the 23 locally incorporated banks, which expanded from less than 600m ringgit in 1978 to 1.6bn ringgit in 1981 and 3bn ringgit at the end of last year.

There are also 16 foreign banks and 12 merchant banks in the country.

### Taken over

The MUI Bank is a good example of how a small Malaysian bank has grown after being taken over by a larger, and more aggressive group.

Founded by a Chinese family in the East Malaysian state of Sarawak in 1905 as the Kwong Lee Bank, it had been languishing for a good part of its existence, grossly under-capitalised, and catering for the lower end of the market of petty Chinese traders.

In January last year, it was taken over by Malayan United Industries (MUI) under banker-and-entrepreneur, Datuk Khoo Kay Peng. MUI paid 157m ringgit for the bank, by issuing 44.9m of its shares.

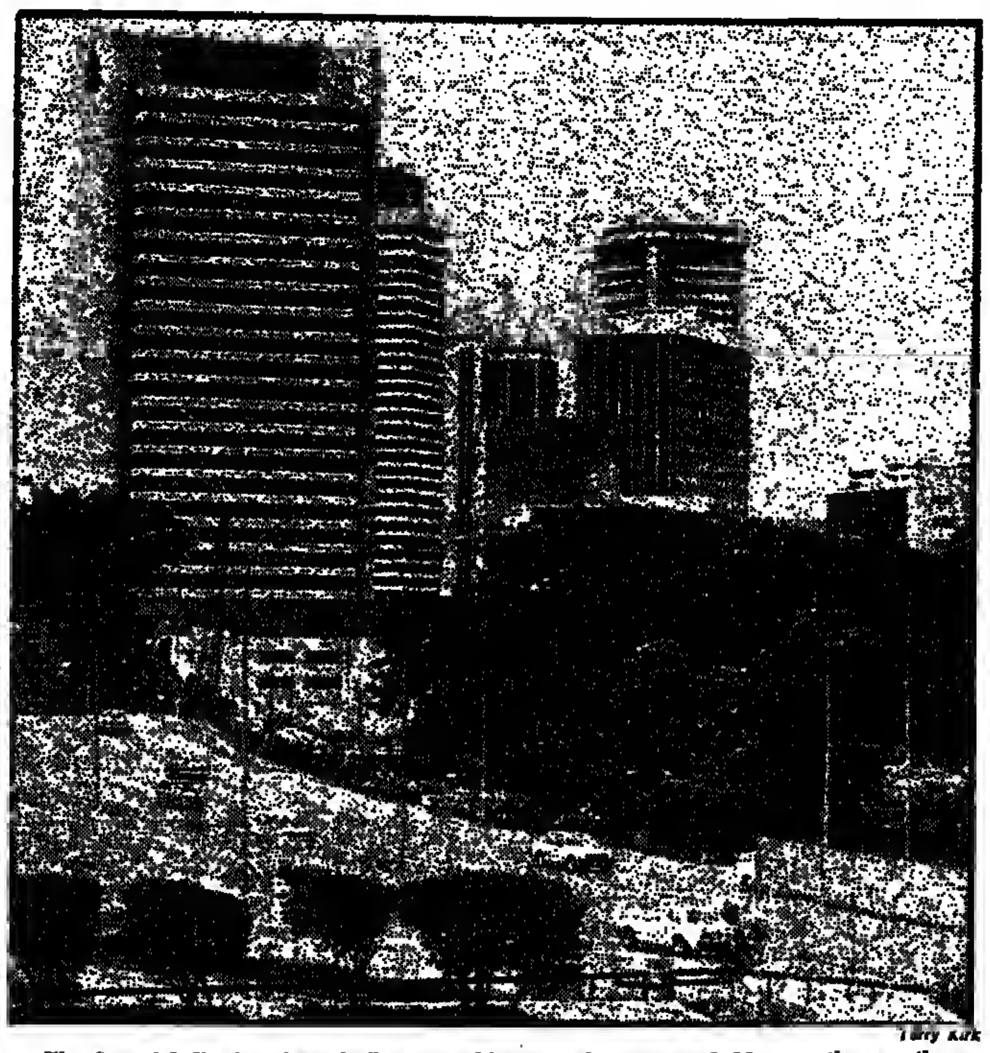
The name was changed and its headquarters transferred from Kuching to Kuala Lumpur. Today, MUI Bank is probably worth about 500m ringgit.

"When we took over, we found a very loose organisation, with no corporate identity," says Mr Khet Kok Yin, who was seconded from MUI to be one of the bank's executive directors.

"This was both good and bad. Bad, because we had to start building up a professional team and even today, staffing remains the bank's biggest problem.

"It was also good because we met with little resistance in making changes." Within four months of taking over, the new team had to meet the central bank's deadline in opening seven new branches.

Today, MUI Bank has 20 branches in Malaysia and one in Singapore, compared with 12 before the takeover. Another 11 are due to be opened by next year, and would give the zank a presence in every of the 13 Malaysian states.



Terry Kirk

The financial district of Kuala Lumpur which has shown remarkable growth recently

Paid-up capital was increased from 15m to 50m ringgit, and will soon be raised to 75m ringgit.

Pre-tax profit ended December 1983 rose 124 per cent to 12.8m ringgit. For the current year, a pre-tax profit of 30m ringgit is projected.

Under Nik Hashim, its second executive director, the bank has built up a lucrative niche in corporate loans syndication, something which commercial banks have tended to leave to the merchant banks.

For 12 months to June, MUI Bank syndicated more than 400m ringgit in project loans within Malaysia. It ranks second after Bank Bumiputra, the country's largest bank, in this business.

MUI ranks 13 among the local banks, but the MUI group is confident its bank will be among the top five before the end of the decade. A public listing of the bank is on the cards in two to three years time.

The big banking development this year was the bank swap between Multi-Purpose Holdings and Daim Zainuddin, days before he was appointed Finance Minister last month.

Under the deal, Daim's family companies will buy over a 40.7 per cent stake in United Malayan Banking Corporation, Malaysia's fourth largest bank, for 262m ringgit.

In return, he transferred his 51 per cent stake in the Malaysian French Bank to MPH, and made a cash payment of 132m ringgit.

MPH, the Chinese investment group, has thus fulfilled its long and tortuous search for majority control over a commercial bank, but at a price.

"Every banker in town agrees that Daim has emerged with a terrific deal.

### Problem loans

"The 40.7 per cent stake in UMBC is easily worth 400m ringgit on the open market," says a banker who is familiar with the operations of UMBC.

UMBC insiders acknowledge that in recent years, the bank has succeeded in clearing off most of its problem loans, made during the 1970s, many of which were to relatives of past directors. The bank is expected to make good profits in the coming years.

For Daim's family, a strategic stake in the fourth largest bank makes more sense than a 51 per cent share in a two-branch operation which is what the Malaysian French bank presently is.

On the wider scene, the Hong Kong loan problems of Bank Bumiputra still dominates discussions among Malaysia's business community.

It was recently disclosed that Bumiputra Malaysia Finance, Hong Kong subsidiary of Bank Bumi has transferred U.S.$887m in problem loans to the parent bank.

This has created considerable interest as to bow Bank Bumi would treat this item in its own accounts. It could write off part or the entire portion of these problem loans, which would mean wiping out its shareholders funds, necessitating replenishment.

This throws up the interesting question which government agency would come forward with such massive funds.

At present Permodalan Nasional, the government investment agency, holds more than 80 per cent of Bank Bumi with the rest directly held by the Government.

There is no provision in Malaysian law for a tima limit by which a bank must declare a loan as "non-performing," and therefore, Bank Bumi could retain the problem loans in its books. But this will not do much to restore the bank's badly dented image, locally or abroad.

# Mixed prospects for commodities

CONTINUED FROM PREVIOUS PAGE

term solution to the labour shortage on the estates, and recommends less labour-intensive tapping methods and higher wages.

In order to meet a situation in which normal supply might be insufficient to meet an unexpected increase in demand, the report suggest a rubber tree "bank" within Malaysia's re-afforestation programme.

While neighbouring countries like Indonesia, Thailand, the Philippines, and Vietnam, are trying to increase their rubber and palm oil acreage (Indonesia has stated it wants to regain its pre-1945 position as the world's biggest rubber exporter), Malaysian planners are thinking in another direction.

After rubber, palm oil and cocoa, Malaysia is now looking for a fourth export crop. It will have to be less land and labour intensive as both these ingredients are getting scarce and expensive these days.

Tobacco is out because it is frowned upon by Dr Mahathir, the prime minister, and anyway, tha quality is poor. Coffee and sugar can have proved to be failures in earlier trials.

"This leaves us with tropical orchards, and timber plantations, unless someone can think of something that will catch on" says the primary industries ministry.

The cultivation of teak is being encouraged by the Government which has set up a teak research forest on Langkawi Island. States like Kedah and Perlis which have a distinct dry season, are asked to grow teak trees in parks and along roads, while villagers are told to plant teak as a long-term investment.

### Encouraging

The North Borneo Timbers Company leads in the cultivation of commercial timber. It has planted more than 30,000 hectares in the East Malaysian state of Sabah, and after five years the results are encouraging.

Although tin prices may be reaching record levels on the London Metal Exchange, it is entirely due to the weakness of sterling. In reality, the tin mining industry is experiencing the most trying times since the 1930s.

Members of the International Tin Council, including Malaysia, had to curb tin exports by nearly 40 per cent for the past two years.

Half of Malaysia's tin dredges are lying idle and despite support from the ITC buffer stock manager, prices have hardly moved above tha floor price of 29.15 ringgit per tonne.

Three reasons contribute to this sad state of affairs. Despite tough measures taken by Malaysia, Thailand and Indonesia, tin smuggling in contravention of export controls is still rampant, running at about 12,000 tonnes a year. This tin goes to Singapore, a free port, where it is smelted and sold to countries like Spain and the Soviet Union.

● There has also been substantial increases in output from the non-ITC members. They are the four Bs—Brazil, Bolivia, Burma and Britain. Brazilian production, for example, has risen from 8,000 tonnes in 1981 to 15,000 tonnes last year, and is expected to increase to 18,000 tonnes this year.

The continued sale of surplus tin from the U.S. general services administration, while much reduced, is still psychologically depressive.

● The biggest problem, however, is structural. Tin producers are witnessing the rapid shrinkage of tin plating, their biggest consumer market, as consumers in the West switch to aluminium and plastics.

Despite the improvement in the world economy, tin usage is the lowest in 20 years, and is no higher than consumption in the late 1930s.

Many Malaysian tin companies, particularly those with the attractive status as publicly listed companies, have diversified into other activities, particularly property development. Malaysia Mining Corporation, the biggest of them all, has moved on to other mineral exploration, engineering and oil services.

Some tin producers, frustrated with the prolonged depressed prices and production restraints, are toying with the idea of a free-for-all. They want export controls to be lifted and the price to find its own levels so that the inefficient mines would be weeded out.

The problem is: with a world surplus of 70,000 tonnes on the market, and such a bearish market, no one knows how far the price will fall if ITC buffer-stock support is withdrawn.

As a self-help measure, seven tin producers, Malaysia, Indonesia, Thailand, Bolivia, Australia, Nigeria, and Zaire, have formed the Association of Tin Producing Countries. But the Kuala Lumpur-based association cannot start to work because Bolivia is not prepared to pay its contributions.

Datuk Paul Leong, Primary Industries Minister: he blames mild winter for plentiful supplies of rubber which kept prices down





Greater professionalism in commodities trading to be encouraged

# Ministerial power over KLCE to be strengthened

**Stock exchange/ Commodities exchange**

WONG SULONG

THE four-year-old Kuala Lumpur Commodities Exchange (KLCE) is starting all over again after the disastrous débâcle last March.

The long-awaited report by the task force containing far-reaching recommendations on the future of commodities trading in Malaysia is now with the Government and it is believed that most of the recommendations are being accepted.

They fall into three categories. First, ministerial power over the exchange will be strengthened to allow the Government to intervene speedily in the event of another crisis.

Second, there is to be greater professionalism on the exchange, with changes in the composition of the management board, the clearing house, trading firms, and the Commodities Trading Council.

Third, rules governing trading are redefined to minimise disputes and excessive speculation.

## Palm oil market

*Much has been written about* the crisis on the KLCE palm oil market. Basically what happened was e combination of factors. A temporary shortage of edible oils, caused by production shortfalls in U.S. and Brazilian soya bean and Malaysian palm oil, steadily pushed the crude palm oil price on the KLCE to a high of 1,600 ringgit per tonnes last December.

Speculators then moved in, forcing the price to rocket to an all-time high of 3,000 ringgit per tonne in mid-February.

At the same time, another group of speculators, beaded by Mr C. G. Loo, the franchise holder of Kentucky Fried Chicken in Malaysia and Singapore, saw the opportunity to make a killing by selling short.

The bitter contest between these two groups of speculators went on for nearly a month, with little intervention by the authorities, until it was too late.

There occurred a series of defaults, followed by recriminations and shattered confidence, and on March 14 palm oil trading had to be halted for nine days.

Since reopening, the exchange has been a pale shadow of its former self. Ten firms involved in the defaults have been suspended. Many others are staying out of the market.

It has been more than five months since the débâcle and trading has average less than 30 lots of 25 tonnes each per day, compared with a robust 776 lots per day last year. On some days there was not a single transaction.

This is not surprising. It takes years to build up confidence in a commodity exchange, and only a few days to destroy it. The shattered confidence will take a long time to be restored.

The speculators have gone, still licking their wounds. No fewer than half-a-dozen suits for all sorts of damages are now in the courts and the legal battles could take years to settle.

In retrospect, every party involved in the KLCE—the Malaysian authorities, the KLCE and clearing house management boards, the trading firms, palm oil refiners and *speculators — were partly* responsible for the March crisis, either through acts of commission or emission.

The exchange is clearly too young and inexperienced to handle a full-blown crisis.

Last June the KLCE management boerd was repleced by an entirely new 13-member group, headed by Tan Sri Lee Boon Chim, e highly-respected rubber trader. The task force is recommending that three more members, with no interests in any aspects in commodity trading, be included to strengthen its independence.

The board will be empowered to expel, suspend, fine, or discipline its members, and it will be the final appellant authority in the exchange.

A business conduct committee is to be set up to look into urgent matters on trading and disputes. To avoid premature court action, disputes will first be referred to a panel of arbitrators.

To raise the financial standing of KLCE members, tha paid-up capital of commodity traders will be raised from 250,000 to 500,000 ringgit. At the same time, the 150,000 ringgit deposit demanded by the clearing house—a very unpopular measure among the traders — has been lifted, and there is to be automatic *guarantee on registration.*

At this stage the Malaysian enthorities can take some consolation that encouraging progress had been made in rubber futures trading.

## Rubber futures

Rubber futures, introduced on the KLCE in September 1982, were transacted throughout the palm oil futures crisis, and its volume has grown steadily from 46 lots per day in January to 82 lots in June.

To increase volume, the anthorities are considering reducing the lot size from 25 to five tonnes, and introducing SMR 20 as the second hedging grade to complement the RSS grade.

Had things gone on well with the KLCE, the anthorities would have introduced a tin futures this year, but this has been postponed indefinitely.

In contrast, the Kuala Lumpur Stock Exchange continues to make progress and is expected to record a satisfactory year, although not as bullish as last year.

Twelve Malaysian - incorporated companies were granted listings last year and a similar number is expected for this year, bringing total listings to just short ef 300.

As at June, the 274 companies (excluding loan stocks) on the KLSE bave a market capitalisation of 72bn ringgit.

The year began well, with the KLSE industrial index maintaining the momentum of 1983. It reeched 680 points in mid-February.

Thereafter the index weakened in response to political in-fighting among the Malaysian political parties, the uncertainty in Hong Kong, and the soft conditions on Wall Street to *fall* to 524 points in mid-July.

But a bout of bullishness on Wall Street saw the KLSE industrial index responding sharply to exceed 600 points in early August in active trading, rekindling hopes of better days ahead.

Volume traded during the first six months totalled 1,023bn units valued at 3.745bn ringgit, compared with 2.275bu units valued at 7.93bn ringgit for the *whole of last year.*

The eecurities industry is one of the few areas where Malays are under-represented. The Government is keen to rectify this, since more and more Malay companies, and Government agencies beld in trust for the Malays, are expected to obtain market quotations.

Of the 115 members of the KLSE, only 31 are Malsys, one Indian and the rest Chinese. Among remisers, less than 10 per cent are Malays.

The power for the Government to rectify this situation is provided under the Securities Industry Act of 1982, amended last year.

Tha controversial amendments empower the Finance *Minister to direct the exchange* to admit "any suitable person" to be a stockbroker, a dealer or a remiser.

It also provided greater Government supervision of the exchanga and tough rules to prevent short selling. Establishing a case of short-selling might be difficult, however, since many Malaysian counters are also quoted on the Singapore exchange.

The amendments caused a lot of apprehension among stockbrokers, but after some initial protests they knew it was futile to fight.

Last May, the Minister invoked his powers to admit e Malay to KLSE membership, and it is understood that another half a dozen Malays are being considered for membership.

Most are expected to team up with existing brokers or remisers to start new firms in the smaller towns where stockbroking services are not available.

Terry Kirk

One of Penang's hotels for holidaymakers. In the tourism sector the infrastructure is now being left to private developers and the Tourist Development Corporation will concentrate on research, promotion and publicity

New Government sees financial burden as too heavy a load

# Nothing sacred in drive for denationalisation

**Privatisation**

WONG SULONG

PRIVATISATION IS big news in Malaysia these days as it is in Britain.

*The fourth Malaysia plan* (1981-85), introduced by Tun Hussein Onn, the former prime minister, is silent on the subject. But the mid-term review of the plan, published last March, extols privatisation as a major economic objective of Dr Mahathir, Tun Hussein's successor.

Dr Mahathir has made it known that nothing is sacred in the privatisation programme, except those services and assets that are of strategic national importance.

The authorities are talking of privatising the railways, the ports, Malaysian airline system, the highway system, telecommunications and other infrastructure services.

In the past two years, dozens of projects have been turned over to the private sector, ranging from car parks in the federal capital to multi-million dollar public housing schemes.

There are three reasons why the Government is embarking on privatisation at this juncture.

In the past 15 years, there has been increasing public intervention in the economy, leading to the building of a substantial government stake, in areas which previously was the realm of the private sector initiative.

The authorities see this as inevitable if the Government were to help the Malays achieve economic parity with the other races, particularly the Chinese.

Now, however, the burden is too heavy for the Government to shoulder, particularly when government revenues for the rest of the decade are expected to be tight.

The rapid building up of the government stake in the private sector has also sapped the dynamism of businessmen, and privatisation is seen as an attempt to revive private enterprise.

Finally, there is now an expanding Malay entrepreneurial and professional class, which would benefit from privatisation, and in doing so, help to meet the new economic policy target of 30 per cent Malay ownership of the Malaysian corporate sector by 1990. (Malay ownership is now 15 per cent.)

## Positive reaction

Public reaction to the privatisation programme has generally been positive, with the exception of some reservations expressed by the civil service unions.

The unions fear that many jobs would be shed when services are privatised. Some attack the programme as enriching the capitalists at the expense of the poorer sections of society which would suffer if certain unprofitable, but essential, services are cut.

They say that over the years, supporters of the ruling Umno party and businessmen who are friends of powerful politicians have been making a lot of money from their government contacts, and they would be the main beneficiaries or privatisations.

So far, the Government has only embarked on partial and selected privatisation, as opposed to complete privatisation, of services and assets.

Two areas, education and health, which absorbs a fifth of the Government's budget, have been identified as early targets for privatisation.

Now that the Malay language has been accepted by all communities as the national language, the Government is relaxing its tight control over education, except at university level. As a result, scores of private schools have sprung up and all are doing well—from the financial point of view.

There are 50,000 Malaysian students overseas and recently Malaysian businessmen are beginning to set up private pre-university colleges in Australia, Canada, and Britain to cater for this demand.

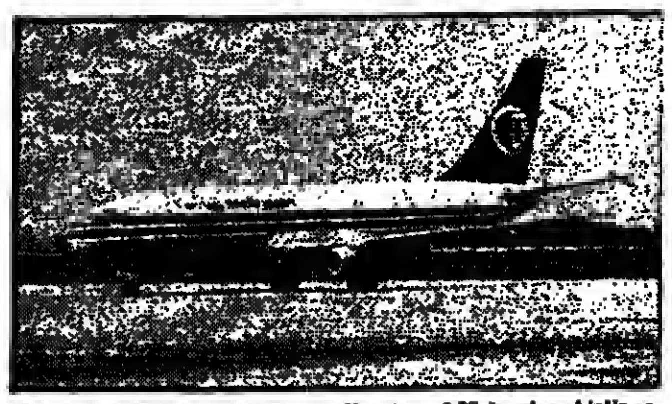
Private medicine is also flourishing. Big-time property developers are venturing into this field by building private hospitals. Fees at government-operated hospitals are being progressively raised with the dual aim of reducing subsidised medical care and forcing those who can afford it to seek private doctors.

The tourist industry is another area for early privatisation. Tengku Razaleigh, the trade and industry minister, said in future that the Tourist Development Corporation would concentrate on research, promotion and publicity, and leave the infrastructure aspects of tourism to the private sector.

For a start, the TDC will sell out its hotels, many running at a loss, to businessmen.

Promet, the property and engineering group, has been given the franchise to develop Langkawi Island as an international tourist resort. The cost is estimated at more than 5bn ringgit, including the construction of an airport.

Recently, Kleinwort Benson, the London merchant bank, in association with Arab-Malaysian Development Bank and an accounting firm, was commissioned by the Government to advise on the privatisation of the telecommunications department.



Datuk Aziz Rahman, managing director of Malaysian Airlines System, who hopes that the airline will be privatised through a quotation on the stock exchange by 1986.

## Cable laying

Kleinwort Benson was involved in the sale of, among others, British Aerospace and Cable and Wireless, and is at present advising on the privatisation of British Telecom.

Early *this* year, the telecommunications department privatised cable laying by farming out a 2.5bn ringgit job to four Malay companies to lay 1.5m telephone lines.

According to Datuk Aziz Rahman, managing director ef Malaysian Airline System, the airline hopes to be privatised through a quotation in the stock exchange some time in 1986.

At present MAS is owned 90:5:5 by the Federal, Sabah and Sarawak state governments respectively.

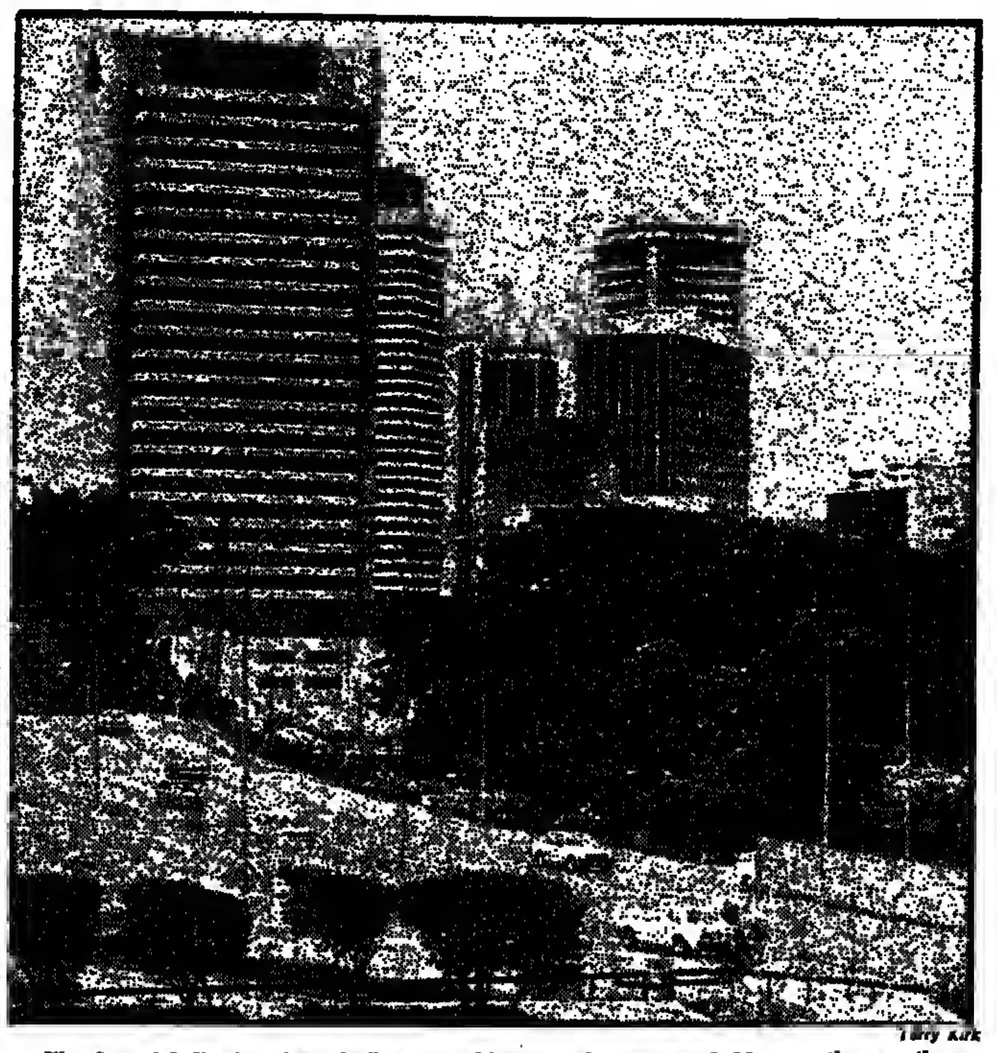
British, Japanese end Hong Kong, as well as Malaysian shipping groups, have submitted proposals to the Government offering to take over various aspects of the Port Klang operations, in particular the lucrative container wharves.

Dr Mahathir is believed to have asked the economic planning unit in his office to prepare a comprehensive programme for privatisation of the port before the various foreign proposals are considered.

# Acquisitions, mergers and restructuring

## Banking

WONG SULONG



Terry Kirk

The financial district of Kuala Lumpur which has shown remarkable growth recently

BANKS ARE probably the most highly rated corporations in Malaysia, and not surprisingly so.

In the first instance, it is very, very difficult to get a banking licence these days.

With an annual growth rate exceeding 25 per cent in terms of profit expectation during the past 15 years — a rate that can be expected to be sustained for a few years more — Malaysian banks have been the target of acquisitions, mergers and restructuring.

In the process, the banks have grown rapidly in recent years, as reflected in the paid-up capital of the 23 locally incorporated banks, which expanded from less than 600m ringgit in 1978 to 1.6bn ringgit in 1981 and 3bn ringgit at the end of last year.

There are also 16 foreign banks and 12 merchant banks in the country.

### Taken over

The MUI Bank is a good example of how a small Malaysian bank has grown after being taken over by a larger, and more aggressive group.

Founded by a Chinese family in the East Malaysian state of Sarawak in 1906 as the Kwong Lee Bank, it had been languishing for a good part of its existence, grossly under-capitalised, and catering for the lower end of the market of petty Chinese traders.

In January last year, it was taken over by Malayan United Industries (MUI) under banker-and-entrepreneur, Datuk Khoo Kay Peng. MUI paid 157m ringgit for the bank, by issuing 44.9m of its shares.

The name was changed and its headquarters transferred from Kuching to Kuala Lumpur. Today, MUI Bank is probably worth about 500m ringgit.

"When we took over, we found a very loose organisation, with no corporate identity," says Mr Khet Kok Yin, who was seconded from MUI to be one of the bank's executive directors.

"This was both good and bad. Bad, because we had to start building up a professional team and even today, staffing remains the bank's biggest problem.

"It was also good because we met with little resistance in making changes." Within four months of taking over, the new team had to meet the central bank's deadline in opening seven new branches.

Today, MUI Bank has 20 branches in Malaysia and one in Singapore, compared with 12 before the takeover. Another 11 are due to be opened by next year, and would give the zank a presence in every of the 13 Malaysian states.

Paid-up capital was increased from 15m to 50m ringgit, and will soon be raised to 75m ringgit.

Pre-tax profit ended December 1983 rose 124 per cent to 12.8m ringgit. For the current year, a pre-tax profit of 30m ringgit is projected.

Under Nik Hashim, its second executive director, the bank has built up a lucrative niche in corporate loans syndication, something which commercial banks have tended to leave to the merchant banks.

For 12 months to June, MUI Bank syndicated more than 400m ringgit in project loans within Malaysia. It ranks second after Bank Bumiputra, the country's largest bank, in this business.

MUI ranks 13 among the local banks, but the MUI group is confident its bank will be among the top five before the end of the decade. A public listing of the bank is on the cards in two to three years time.

The big banking development this year was the bank swap between Multi-Purpose Holdings and Daim Zainuddin, days before he was appointed Finance Minister last month.

Under the deal, Daim's family companies will buy over a 40.7 per cent stake in United Malayan Banking Corporation, Malaysia's fourth largest bank, for 262m ringgit.

In return, he transferred his 51 per cent stake in the Malaysian French Bank to MPH, and made a cash payment of 132m ringgit.

MPH, the Chinese investment group, has thus fulfilled its long and tortuous search for majority control over a commercial bank, but at a price.

"Every banker in town agrees that Daim has emerged with a terrific deal.

### Problem loans

"The 40.7 per cent stake in UMBC is easily worth 400m ringgit on the open market," says a banker who is familiar with the operations of UMBC.

UMBC insiders acknowledge that in recent years, the bank has succeeded in clearing off most of its problem loans, made during the 1970s, many of which were to relatives of past directors. The bank is expected to make good profits in the coming years.

For Daim's family, a strategic stake in the fourth largest bank makes more sense than a 51 per cent share in a two-branch operation which is what the Malaysian French bank presently is.

On the wider scene, the Hong Kong loan problems of Bank Bumiputra still dominates discussions among Malaysia's business community.

It was recently disclosed that Bumiputra Malaysia Finance, Hong Kong subsidiary of Bank Bumi has transferred U.S.$887m in problem loans to the parent bank.

This has created considerable interest as to how Bank Bumi would treat this item in its own accounts. It could write off part or the entire portion of these problem loans, which would mean wiping out its shareholders funds, necessitating replenishment.

This throws up the interesting question which government agency would come forward with such massive funds.

At present Permodalan Nasional, the government investment agency, holds more than 80 per cent of Bank Bumi with the rest directly held by the Government.

There is no provision in Malaysian law for a time limit by which a bank must declare a loan as "non-performing," and therefore, Bank Bumi could retain the problem loans in its books. But this will not do much to restore the bank's badly dented image, locally or abroad.

# Mixed prospects for commodities

CONTINUED FROM PREVIOUS PAGE

term solution to the labour shortage on the estates, and recommends less labour-intensive tapping methods and higher wages.

In order to meet a situation in which normal supply might be insufficient to meet an unexpected increase in demand, the report suggest a rubber tree "bank" within Malaysia'a re-afforestation programme.

While neighbouring countries like Indonesia, Thailand, the Philippines, and Vietnam, are trying to increase their rubber and palm oil acreage (Indonesia has stated it wants to regain its pre-1945 position as the world's biggest rubber exporter), Malaysian planners are thinking in another direction.

After rubber, palm oil and cocoa, Malaysia is now looking for a fourth export crop. It will have to be less land and labour intensive as both these ingredients are getting scarce and expensive these days.

Tobacco is out because it is frowned upon by Dr Mahathir, the prime minister, and anyway, tha quality is poor. Coffee and sugar can have proved to be failures in earlier trials.

"This leaves us with tropical orchards, and timber plantations, unless someone can think of something that will catch on" says the primary industries ministry.

The cultivation of teak is being encouraged by the Government which has set up a teak research forest on Langkawi Island. States like Kedah and Perlis which have a distinct dry season, are asked to grow teak trees in parks and along roads, while villagers are told to plant teak as a long-term investment.

### Encouraging

The North Borneo Timbers Company leads in the cultivation of commercial timber. It has planted more than 30,000 hectares in the East Malaysian state of Sabah, and after five years the results are encouraging.

Although tin prices may be reaching record levels on the London Metal Exchange, it is entirely due to the weakness of sterling. In reality, the tin mining industry is experiencing the most trying times since the 1930s.

Members of the International Tin Council, including Malaysia, had to curb tin exports by nearly 40 per cent for the past two years.

Half of Malaysia's tin dredges are lying idle and despite support from the ITC buffer stock manager, prices have hardly moved above tha floor price of 29.15 ringgit per tonne.

Three reasons contribute to this sad state of affairs. Despite tough measures taken by Malaysia, Thailand and Indonesia, tin smuggling in contravention of export controls is still rampant, running at about 12,000 tonnes a year. This tin goes to Singapore, a free port, where it is smelted and sold to countries like Spain and the Soviet Union.

● There has also been substantial increases in output from the non-ITC members. They are the four Bs—Brazil, Bolivia, Burma and Britain. Brazilian production, for example, has risen from 8,000 tonnes in 1981 to 15,000 tonnes last year, and is expected to increase to 18.000 tonnes this year.

The continued sale of surplus tin from the U.S. general services administration, while much reduced, is still psychologically depressive.

● The biggest problem, however, is structural Tin producers are witnessing the rapid shrinkage of tin plating their biggest consumer market, as consumers in the West switch to aluminium and plastics.

Despite the improvement in the world economy, tin usage is the lowest in 20 years, and is no higher than consumption in the late 1920s.

Many Malaysian tin companies, particularly those with the attractive status as publicly listed companies, have diversified into other activities, particularly property development. Malaysia Mining Corporation, the biggest of them all, has moved on to other mineral exploration, engineering and oil services.

Datuk Paul Leong, Primary Industries Minister: he blames mild winter for plentiful supplies of rubber which kept prices down

Some tin producers, frustrated with the prolonged depressed prices and production restraints, are toying with the idea of a free-for-all. They want export controls to be lifted and the price to find its own levels so that the inefficient mines would be weeded out.

The problem is: with a world surplus of 70,000 tonnes on the market, and such a bearish market, no one knows how far the price will fall if ITC buffer-stock support is withdrawn.

As a self-help measure, seven tin producers, Malaysia, Indonesia, Thailand, Bolivia, Australia, Nigeria, and Zaire, have formed the Association of Tin Producing Countries. But the Kuala Lumpur-based association cannot start to work because Bolivia is not prepared to pay its contributions.